The Incorporated Accountants' Journal

The Official Organ of
The Society of Incorporated Accountants and Auditors

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Professional Notes.

THE results of the recent examinations of the Society of Incorporated Accountants and Auditors at centres in Great Britain and Ireland have now been declared by the Examination and Membership Committee of the Council, and are published in this issue. In the Final examination, exactly 50 per cent. of the 266 candidates were successful, and five were awarded Honours. Mr. Frank John Riches (Norwich), has gained the First Certificate of Merit and First Prize, and Mr. Noel Cliffe (Cardiff), the Second Certificate of Merit and Second Prize. The Third, Fourth and Fifth Certificates of Merit have been awarded respectively to Mr. Arthur Denning (Exeter), Mr. Joseph Marnach Drummond (Reading), and Miss Gladys Laura Cowtan (London).

Candidates for the Intermediate examination numbered 441, of whom 54 per cent. passed and 46 per cent. failed. Eight candidates were placed in Honours. The First Place Certificate has been awarded to Mr. Arthur Edward Langton (London), the Second Place Certificate to Mr. George Eccles (Preston), the Third Place Certificate to Mr. Herbert Ewart Gunton (Colchester), and the Fourth, Fifth, Sixth, Seventh and Eighth Place Certificates to Mr. Angus Alexander Lawrie (Kenya), Mr. James Deakin (Rochester), Mr. Ernest Charles Uren (Plymouth), Mr. John Edward Field (London), and Mr. William Arthur Shapland (London).

Mr. Stanley George Ripley (London), receives the First Place Certificate in the Preliminary examination, and Mr. William Alford Conn (Belfast), the Second Place Certificate. Of the 155 candidates for this examination, 59 per cent. passed and 41 per cent. failed.

At the fortieth annual meeting of the Incorporated Accountants' Benevolent Fund, reported in this issue, the President of the Fund, after drawing attention to some of the cases assisted by the Trustees, said that the annual subscribers and donors represented only 27½ per cent. of the membership of the Society. He made a strong appeal to the 72½ per cent. who had not the privilege of taking part in the work to give themselves that pleasure. He said that every individual subscription to the Fund was of full value, because the Trustees were empowered to disburse in any one year a sum equal to the income for the previous year derived from annual subscriptions and dividends on investments. The Fund did not incur any expenses of management, as all services to it were rendered voluntarily.

Sir James Martin was the guest of honour at the annual luncheon of the Incorporated Accountants' District Society of Liverpool, and

took for the subject of his address "Fifty Years' Progress." He said he had chosen that subject because 1882-1932 might be regarded as the era of organised accountancy in England and Wales, but in the limited time necessarily allotted to him he could not attempt anything beyond an outline of certain events which might be of interest to his hearers.

Notwithstanding the limits of a luncheon address he managed to review Bankruptcy Law, the Finance Acts (especially in regard to Death Duties, Excess Profits Duty and Sur-tax), the Companies Acts, and the suggested amendment of Company Law. In the course of his remarks on the last named subject he paid a cordial tribute to Mr. Henry Morgan, ex-President of the Society of Incorporated Accountants and Auditors, whose services to the profession and the public he warmly acknowledged.

Anticipating the debate in Parliament on our War Debt to the United States, which took place subsequently, Sir James Martin was able, in his address, to give some interesting information from personal knowledge of the attitude assumed towards the Debt by Sir Robert Horne when Chancellor of the Exchequer in Mr. Lloyd George's Government, and by Mr. Baldwin as Chancellor of the Exchequer in Mr. Bonar Law's administration. As the speaker's observations under this head are fully reported elsewhere, there is no need to summarise them. We would add, however, that Sir James spoke very strongly against repudiation of our obligations to America, although he pointed out that, owing to the economic breakdown of the world, a readjustment of War Debts became absolutely necessary.

The address of Professor Gregory before the Incorporated Accountants' London and District Society on December 6th last was very opportune. The subject of Professor Gregory's lecture was "The Outlook for Sterling." There was a crowded audience, and among the visitors were Major Hore-Belisha, M.P., Financial Secretary to the Treasury, and Brigadier-General Sir Arthur Maxwell, President of the Institute of Bankers. To appreciate Professor Gregory's arguments they must be read in full, and our columns afford the necessary opportunity, which should be taken advantage of.

There is one passage in Professor Gregory's address the truth of which is only too apparent to all those engaged in International trade. After emphasising the fact that ever since we went off the gold standard, sterling, from the price level point of view, had been constantly undervalued, he said that the effect ought to have been that we should have had a most terrific trade boom. We ought to have had the time of our lives. But we had not had it, because other countries had taken the step of restricting and hampering foreign trade as much as they could. They realised that the exchange was undervalued, and that unless they took protective steps British exports would increase, and the result has been an interference with the volume and amount of international trade such as the world has hardly ever seen before.

At the instance of the Law Society, a Bill has been introduced into Parliament by Mr. Roy Bird for the purpose of amending the law relating to solicitors by providing for the making and enforcement of rules as to the keeping of accounts for clients' moneys and other matters of professional conduct. Amongst the names on the back of the Bill is that of Sir John Withers, who is now acting in conjunction with the Law Society instead of as hitherto promoting a Bill of his own. By the terms of Clause 1 the Council of the Law Society is empowered to take such action as may be necessary for the purpose of ascertaining whether the rules are being observed and complied with, and the Registrar of Solicitors may refuse to issue a certificate of practice where a solicitor has failed to pay any penalty imposed by the Disciplinary Committee. The full text of the Bill appears in another column.

The Court of Appeal have by a majority reversed the decision of Mr. Justice Maugham in the case of *Broken Hill Proprietary Company, Limited*, v. *Latham and Others*, referred to in our Professional Notes of August last. The company had issued "B" debentures in the year 1920, one of the terms of issue being that the amounts due as debenture interest, or in repayment of principal, would be paid at the registered holder's option either in Australia or in London. In consequence of the depreciation of the Australian currency in terms of sterling, a number of debenture holders requested payment in London, thereby hoping to secure the benefit of the exchange, and the question arose whether the fact that the payments could be demanded in Australia or in London implied that in the latter event the payment must be made in sterling without regard to the depreciation of the Australian currency.

It has now been held that under the contracts the company was liable to pay in Australian currency, and that the option as regards payment was merely for the convenience of the debenture

holders. In this connection Lord Justice Lawrence pointed out that the confusion appeared to have arisen partly as the result of the use of the word "pounds" and the symbol "£," both of which in this case were intended to indicate Australian and not Sterling pounds. It was admitted that if the conditions had provided for payment in Paris the amount payable would have been the sum due in Australian pounds converted into francs at the current rate of exchange.

For some time past there has been an urgent demand for the decontrol of rents and mortgages coming under the Rent and Mortgage Interest Rent Restriction Acts, and the Government has now introduced a Bill entitled "Rent and Mortgage Interest Restriction (Amendment) Bill," the main effect of which may be summarised briefly as follows (the rateable value of the house in each case is the value in the year 1931):—

Immediate Decontrol.	*Rateable Value.*
In Metropolitan Police District	Over £45
In rest of England and Wales	Over £35
In Scotland	Over £45

Mortgages on these houses are to be decontrolled after a lapse of six months.

To be Decontrolled when they become Vacant.	*Rateable Value.*
In Metropolitan Police District	Between £20 and £45
In rest of England and Wales	Between £13 and £85
In Scotland	Between £26 5s. and £45

Houses with a rateable value below these figures will cease to be decontrolled when they become vacant, but those already decontrolled will remain so. The Bill also contains provisions modifying the conditions under which the landlord may recover possession.

By a majority of three to two, the House of Lords has affirmed the judgment of the Court of Appeal in the case of *Lloyds Bank Limited* v. *E. B. Savory & Co.* The facts of the case, which were fully set out in a leading article in our issue of October last, were briefly that crossed cheques payable to bearer were stolen by an employee of Savory & Co., and paid in by him at a branch of Lloyds Bank on a paying-in slip in the name of the payee of the cheque, with a direction to the bank to credit the amount to the account of the employee at another branch of the same bank. The receiving branch sent the cheques direct to the clearing house, and did not give the customer's branch any information as to the drawer or the payee. In these circumstances, it was held that the bank had not discharged the burden of proving that they had dealt with the cheques without negligence, and were not, therefore, protected by sect. 82 of the Bills of Exchange Act, 1882.

Lord Buckmaster in delivering judgment said there was an unwritten rule amongst bankers which was accepted by Lloyds Bank in this case that "banks do not take payments in, without inquiry, of cheques drawn by a firm in favour of a third party, and paid in by a person other than the payee." If this unwritten rule represented, as he thought it did, some measure of the prudent course of banks in conducting business, then that prudence was completely neglected and ignored in cases where a branch to which the customer was entirely strange, was used as a means of collecting cheques, because the branch that ultimately received the proceeds was only informed by the branch which collected the cheques, by means of a slip that gave no information whatever as to the drawer's name or that of the payee of the cheque.

Lord Russell, in a dissenting judgment, said it was not suggested that the payments were received otherwise than in good faith. The sole question was one of negligence, and it seemed to him to be a very long step to take from the unwritten rule above mentioned, to say that banks were bound at the outset to ascertain the names of their customers' employers and were guilty of negligence if they did not. He knew of no authority justifying such a proposition, and he could conceive no logical basis on which it could rest. The answer received might in fact cease to be correct immediately after it was given.

An interesting point arose before Mr. Justice Eve in relation to the affairs of *William C. Leitch Bros., Limited*, where the liquidator of the company applied to the Court for directions as to a large sum of money recovered from a fraudulent director. The question was whether the amount so recovered had become part of the general assets or whether it should be applied solely for the benefit of the creditors whose debts accrued during the time that the fraudulent trading continued. In the first instance an order against the director was made by Mr. Justice Maugham without prejudice to the rights of the creditors or classes of creditors *inter se* in the division of the amount recovered thereunder, and upon this the contention was put forward that the effect of the order was to create a direct liability between the director in question and those who had

become creditors during the period of default; hence the application by the liquidator.

In giving judgment, Mr. Justice Eve held that sect. 275 (1) of the Companies Act, 1929 (under which the application was made) was not one which involved any departure from the general scheme of winding-up—that was to say a *pari passu* distribution of the assets. The fact that the liability imposed might be measured by the debts of the creditors who might be deemed to have been defrauded was no ground for creating a preference in their favour. He considered that the case was analogous to that of the "B" contributories in a winding-up whose liability was controlled by the amount of indebtedness existing when they ceased to be members, but whose contributions formed part of the general assets and had to be applied accordingly.

The Chief Registrar of Friendly Societies in his report on Trade Unions for the year 1931 points out that as the Acts by which they are constituted and regulated do not require the unions to have their accounts audited by professional auditors they prefer for the most part to choose their auditors from amongst their own members. In view, however, of the inaccuracy of the annual returns of the unions, the Registrar has in many instances considered it his duty to recommend the employment of professional auditors, and about one-third of the unions have now adopted his recommendation. In numerous cases, annual returns had to be sent back for correction by reason of the fact that the accounts were inaccurate or incomplete, and in the course of the year a number of defalcations were brought to light, most of which were committed by branch officials.

The Lord Chancellor, after consultation with the Lord Chief Justice, has appointed a Committee to consider the state of business in the Supreme Court in order to ascertain whether greater expedition or economy is practicable, and if so, what re-arrangements in the constitution of the Supreme Court and the Divisional Courts they consider advisable. The Committee are also empowered to consider the administration of business at the Central Criminal Court, and to report whether any alteration is deemed advisable in relation to the Grand Jury system.

Speaking of the annual meeting of the American Institute of Accountants, Mr. George O. May, F.C.A., said that an outstanding characteristic of the collapse in the value of securities in 1929 was the emphasis laid on earning capacity as the measure of value. While admitting that the fair value of securities of a given type was a multiple of the earning capacity of the business to which they related, he said that people were hopelessly wrong when they based their calculations on the assumption that the earning capacity was fairly measured by the past or prospective earnings for a comparatively short period, without any adequate knowledge of the way in which the figures of earnings employed in their calculations were derived. Accountants, he said, knew how great the effect of a difference of methods on the earnings of a particular short period might be, and how erroneous might be the conclusions arrived at as to capital value based on such earnings.

What is the position of an employer as regards liability for damage caused by the negligence of a servant during his dinner hour? This was the point that came before the Court of Appeal in the case of *Higbid* v. *R. C. Hammett, Limited.* What happened was that a boy who was employed by the defendants as a roundsman, asked, and received, permission to use his employer's bicycle to go home to dinner, and in doing so he negligently rode into the plaintiff. In the first instance the case came before a jury, and Mr. Justice Roche directed the jury that they could consider the point whether the boy was on his employer's business or not, but the Court of Appeal have reversed this decision. Lord Justice Scrutton, in giving judgment, said that, under the Shops Act, an employer had no power to say how an employee was to use his dinner hour and that employers were not liable for any negligence committed by an employee during his dinner hour unless he was doing something in the course of the employer's business at the time. It was accordingly held that there was a wrong direction to the jury and that the employer was not liable.

LIFE POLICY GIFTS.

THE principles involved in the case of *Cousins* v. *Sun Life Assurance Society*, referred to in our Professional Notes of August last, are of considerable importance, and the necessity for their application arises quite frequently in these days of widespread life assurances in a large variety of forms. The case has now come before the Court of Appeal, and the decision to which we then referred has been reversed, leaving the issues for the present in doubt, since it is confidently anticipated that the insurers will desire to take the view of the House of Lords—they have hitherto treated the action as a test case

and borne the costs of all the parties. In the Court below, Mr. Justice Eve held that the plaintiff was entitled, as against the executors of his deceased wife who contested his claim, to the beneficial interest in life assurance policies which he had effected with the defendant company on his own life but expressed to be for the benefit of his wife under the provisions of the Married Women's Property Act, 1882, his wife having (recently) predeceased him. Sect. 11 of that Act provides as follows :—

> "A policy of assurance effected by any man on his own life, and expressed to be for the benefit of his wife, or of his children, or of his wife and children, or any of them, or by any woman on her own life, and expressed to be for the benefit of her husband, or of her children, or of her husband and children, or any of them, shall create a trust in favour of the objects therein named, and the moneys payable under any such policy shall not, so long as any object of the trust remains unperformed, form part of the estate of the insured, or be subject to his or her debts."

The decision of Mr. Justice Eve was based upon the ground that, although at the time when the plaintiff took out the policies of assurance they created a trust in favour of his wife, and although that trust remained valid throughout her lifetime so as to prevent the moneys payable thereunder forming part of the husband's estate, yet the moment she died there ceased to be in existence any object of the trust ; therefore, the provisions of sect. 11 of the Married Women's Property Act, 1882, also ceased to govern the disposition of the policy moneys, so that the assured himself could determine their disposition, and he was, accordingly, entitled if he so desired to obtain for himself their surrender value.

In the view of the Court of Appeal, however, the wife had received a vested interest when the policy was taken out, the very object of the section being to enable a trust of policy moneys to be created without the husband being put to the necessity of making a formal settlement or becoming party to a trust deed. If this view be correct then there would appear to be nothing to prevent a wife in such a case from disposing of her interest either by will or by charging it during her lifetime ; yet the statutory enactment seems to contemplate a contrary intention in the mind of the husband who effects the policy and pays the premiums, and whose wishes, accordingly, should *prima facie* be executed by the law of the land. Does "object" as used in the section quoted from the Act of 1882 mean "purpose" or "beneficiary"? The decision of the House of Lords if obtained will, it is hoped, interpret this term definitively, the available leading cases being contradictory.

Meantime, the safest course for a person to adopt who does wish his wife and her estate to benefit under a policy of insurance effected on his own life is either to assign the policy to her, or specifically to establish himself as trustee with his wife as the named beneficiary under an express trust.

Further provisions contained in sect. 11 of the Act of 1882 are also noteworthy.

Thus it is enacted that upon proof that the policy was effected and the premiums were paid with intent to defraud the creditors of the insured, the creditors shall be entitled to be paid a sum equal to the amount of the premiums so paid out of the moneys payable under the policy.

Finally, it is to be noted that the section mentioned enacts its provisions not only to cover the case of a husband who desires to make provision for his wife and children, but also the case of a wife who desires to make provision for her husband and children by effecting a policy on his or her own life as the case may be.

THE AUDIT OF TRUSTEE SAVINGS BANKS.

[CONTRIBUTED.]

Trustee Savings Banks are administered, as the name implies, by a body of local trustees, according to the regulations of a Government Department, the National Debt Commissioners. The auditor of each bank is appointed, according to the rules of the bank, by the trustees, to whom he reports. An audit of this kind is best conducted as a continuous one. Much of the work will necessarily be done soon after the close of the official financial year (November 20th), but valuable work can conveniently be performed periodically. One of the chief checks that the auditor can apply is an examination of depositors' pass-books as and when they are brought to the counter in the ordinary course of business. The pass-books can be compared with the ledger accounts and then handed back by the auditor to the depositor, duly initialled or otherwise marked as evidence of the inspection. Over a period of years a large proportion of the pass-books can be examined in this way. A favourable opportunity for the examination of a large number of the pass-books arises, of course, soon after November 20th, when depositors flock into the bank to get their annual interest written up. The effect of a series of irregular visits throughout the year may, however, be more salutary. Periodically the audit mark should be altered in some way, so that at least the approximate date of the pass-book comparison may be obvious to the auditor.

The most notable floating asset of a savings bank is cash. It is a simple matter to attend at the bank

and check the cash in hand—how often is a matter to be settled between the auditor and the management committee elected from amongst the local trustees. The periodical audit programme may conveniently embrace a test examination of the receipts given by depositors for their withdrawals, the verification of the till and general cash books, and of the general bank account, which last may be kept at a local branch of one of the big commercial banks. In addition, the auditor may watch the bank's investments and see that the appropriate income is received thereon at the due dates.

The banks conducted according to the Trustee Savings Bank Acts vary considerably in size throughout the United Kingdom. Some banks now have a number of branch offices which are open either daily or only for a few hours each week. The audit programme must take cognizance of such branch offices. Other matters which require attention include the dealings with Government stocks bought or sold by the bank on behalf of depositors, the treatment of dividends due thereon, dealings in National Savings Certificates (if the bank acts as an agent of the Post Office), and transactions with school children conducted through their teachers. The school business is of great importance to many of the banks, and it is essential that a sound accounting system should be in operation.

The examination of the annual accounts, which must be rendered to the National Debt Department in the prescribed form, will include of necessity an examination of the list of balances extracted from the depositors' ledgers. An extract of such annual balances (showing only roll numbers and amounts) must be prepared by the staff of the bank and afterwards exhibited prominently on the depositors' side of the counter, for inspection by the public during the usual hours of business. The auditor is required to certify that he has compared this list with the depositors' ledgers, and his certificate must appear on the actual list publicly exhibited. There are two classes of depositors' accounts, one in the General Department, the other in an Investment Department, and separate lists of balances are made accordingly. A higher rate of interest is allowed on accounts in the Investment Department, as to which special rules are made by the National Debt Department. In addition to this compulsory examination of the list of balances, the auditor will make what further tests of the ledgers he may consider necessary. A large amount of detail is involved, not only on account of cash postings, but also on account of the interest calculations which are shown in detail in these accounts. At the same time, it must be remembered that the internal check should be fairly thorough. The staff of the bank should make a complete check of all entries in these ledgers in the course of the year. What the auditor should chiefly have in mind is not so much slight arithmetical errors (such as interest calculations), but the possibilities of fraud. At least a rough total check of the interest calculations should nevertheless be attempted.

As the final accounts of the bank are compiled on official forms, serious errors of principle are seldom likely to be encountered. The accounts are drawn up in great detail, and amply furnished with footnotes, &c. Neither is there usually much audit work required in regard to the expenses of the bank, which are usually few. There should be minutes of the management committee to cover them, however, and special attention should be paid to the officers' salaries. Incidentally, there should be a security or surety for each member of the staff. There will be a certain amount of expenditure on premises, part of which may be sub-let, in which case the income should also be checked. Home safes may be purchased for use by the bank's depositors, and there may be a little revenue derived from small charges made to the users. This is a matter which should receive attention. The Savings Bank Act, 1863, and various Finance Acts provide for the return of income tax suffered by deduction from dividends, and the auditor should see that the relief has been obtained.

The verification of assets is an important duty, and in this connection the following matters should have special attention. The cash in hand on the close of business for the year should be checked. Deeds must be seen for the premises owned by the bank. Certificates for stock, receipts and agreements for loans made by corporations and other local authorities, and certificates of the National Debt Commissioners (in respect of stocks, &c., held by them on the bank's behalf) should also be inspected. The special account kept for purchases, sales and transfers of stock through the National Debt Department should be thoroughly vouched with the official acknowledgments, &c. A broker's certificate of the market prices of the bank's various stocks on November 20th should be obtained for balance sheet purposes. In the stock ledgers, the balances representing interest accrued to November 20th will require attention. (In some cases corporations and other local authorities pay instalments of principal and interest on the balance outstanding in fixed amounts over a term of years.)

In addition to the audit, an inspection of the bank's accounts is made by officers of the Trustee Savings Banks' Inspection Committee, at irregular intervals. But the audit and the inspection are quite distinct and separate.

COMPARISONS OF RATES IN TOWNS AND URBAN DISTRICTS.

Mr. W. Allison Davies, F.S.A.A., Borough Treasurer of Preston, has again prepared his usual pamphlet giving a comparison of the rates levied in the various towns and districts in England and Wales. The tabulated figures show the rateable value, total rates levied, rate per head of population, the charges made for gas, water and electricity, and the extent to which the rates of each municipality have been increased or decreased by the profits or losses made on these undertakings. The rateable values for the year 1932-33 are the reduced values consequent upon the exemption of Agricultural Land and Buildings and the allowances made in the case of Industrial and Freight Transport Hereditaments. Particulars are also given of the purposes to which the rates have been applied, together with a comparison of the total rate levied for the preceding year.

The Incorporated Accountants' Benevolent Fund.

FORTIETH ANNUAL MEETING.

The fortieth annual general meeting of the Incorporated Accountants' Benevolent Fund was held at Incorporated Accountants' Hall on December 9th. Sir James Martin (President) occupied the chair, and those present included Mr. E. Cassleton Elliott (President of the Society of Incorporated Accountants), Mr. A. Stuart Allen, Mr. W. J. Back, Mr. B. L. Clarke-Lens, Mr. F. E. Clements, Mr. R. W. L. Clench, Mr. J. Hulbert Grove, Mr. C. B. Hewitt, Mr. C. A. G. Hewson, Mr. Walter Holman, Mr. K. M. G. Moody, Mr. W. H. Payne, Mr. G. Roby Pridie, Mr. William Strachan, Mr. R. T. Warwick, Mr. J. C. Fay, Mr. W. J. Freeman, and Mr. A. A. Garrett (Hon. Secretary).

Apologies for non-attendance were received from Mr. H. J. Burgess, Mr. E. W. C. Whittaker, and Mr. A. E. Piggott (Trustees). A message was sent to Mr. Burgess expressing the hope of the meeting that he would be speedily restored to health.

President's Address.

Sir James Martin, in moving the adoption of the fortieth annual report of the Trustees and the accounts for the year ended September 30th, 1932, said that the total revenue for the year was £1,498 9s. 11d., as compared with £1,726 13s. 11d. contributed in 1930-31, the excess last year being in response to a special appeal which he made to augment the surplus for investment. He was glad to say that the invested funds on September 30th at cost amounted to £10,391 16s. 1d., the market value on that date being nearly £2,000 in excess of the book value.

The subscribers were much indebted to the Trustees of the Fund for the attention they had given to the work and for their careful management. In looking down the list of grants made, he noticed that £100 had been given to an Associate suddenly afflicted with blindness. That was a clear example of a misfortune which might overtake any member of the Society, and all Incorporated Accountants who had the blessing of good sight should find this case an incentive for support of the Fund.

He wished particularly to refer to one other case. It was that of an old lady, well over eighty years of age. She was the mother of an Associate who was killed in the Great War, and she had received by annual instalments the sum of £250. The deceased Associate was well known to him (the speaker), and he had no hesitation in saying that he was a great patriot. Being a somewhat accomplished linguist, he obtained an appointment with the Government of a Dependency of Great Britain. Here he might have stayed in peaceful seclusion during the whole of the War, but he threw up his appointment, came home, enlisted, received a commission, and was killed in action in a few months. Probably he had mentioned the case before, but the mere recital of it was an outstanding reason why the Benevolent Fund should be supported.

He found that the total number of life subscribers, annual subscribers, and donors contained in the report was 1,641, representing 27½ per cent. of the membership of the Society. He appealed to the 72½ per cent. who had not the privilege of taking part in the work to give themselves that pleasure.

Under Rule 17, the Trustees in making grants must have regard to the income for the previous year derived from annual subscriptions and dividends on investments, and they were debarred from disbursing altogether in any one year a sum in excess of such income without the consent of a special meeting of the subscribers. That rule had been carefully thought out, and it meant that the amount of every annual subscription and every dividend could be handed over to necessitous applicants by the Trustees without deduction. That happy state of affairs was due to the fact that the Fund paid neither rent nor rates nor salaries, and he could not speak too highly of the continued interest taken in the Fund by the Secretary of the Society of Incorporated Accountants and Auditors, Mr. A. A. Garrett, and the Chief Clerk on the Society's staff, Mr. J. C. Fay. He had already expressed his acknowledgments to the Trustees, who would be further referred to upon the motion for their re-election.

Mr. W. H. Payne seconded the motion for the adoption of the report and accounts.

Mr. C. B. Hewitt said that he thought the amount received in subscriptions during the year was very satisfactory.

Mr. A. S. Allen referred to the relief from income tax which could be secured by entering into a covenant to subscribe a definite annual amount to the Fund for a period of seven years, and hoped that arrangements would be made to enable members to avail themselves of this provision.

The resolution was carried unanimously.

ELECTION OF PRESIDENT.

Mr. C. B. Hewitt proposed, and Mr. R. W. L. Clench seconded, the re-election of Sir James Martin as President of the Fund. The motion was unanimously adopted.

ELECTION OF TRUSTEES.

Mr. C. A. G. Hewson proposed and Mr. B. L. Clarke-Lens seconded, the re-election as Trustees of Mr. H. J. Burgess, Mr. A. E. Piggott, Mr. E. W. C. Whittaker, Mr. W. H. Payne, and Mr. R. T. Warwick. All were re-elected, with a vote of thanks for their past services to the Fund. Mr. W. H. Payne thanked the meeting for the resolution.

ELECTION OF VICE-PRESIDENTS.

On the motion of Mr. R. T. Warwick, seconded by Mr. F. E. Clements, it was resolved that the following Vice-Presidents be re-elected for a further year: Mr. E. L. Burton, Mr. Arthur Collins, Mr. A. R. King Farlow, Sir Harry Hands, Mr. Alexander Hannah, Mr. R. P. Phillips, Mr. G. S. Pitt, and Mr. W. McIntosh Whyte.

ELECTION OF HONORARY AUDITOR.

Mr. W. Southwood Smith was re-elected as Hon. Auditor for the ensuing year, and received a vote of thanks for his past services. The resolution was proposed by Mr. W. J. Back and seconded by Mr. William Strachan.

Mr. E. Cassleton Elliott proposed and Mr. Walter Holman seconded a vote of thanks to the President, which was cordially carried.

Report of the Trustees.

The Trustees have pleasure in presenting to subscribers and donors their fortieth annual report.

The total revenue for the year 1931-32 was £1,498 9s. 11d. as compared with £1,726 13s. 11d. contributed in 1930-31, in response to a special appeal from the President of the Fund to augment the surplus for investment. The invested funds at cost price on September 30th, 1932, amounted to £10,391 16s. 1d., the market value on that date being £12,344 15s. 9d.

The work of the Fund has been well maintained, and the Trustees record with particular satisfaction that several grants have been made towards the education of the children of deceased members.

The total grants made amounted to £1,000 10s. 1d., as follows:—

£32 5s. (in addition to £530 previously granted to her and her late husband) to the widow of a former Fellow who is in reduced circumstances.

£20 (in addition to £260 previously granted) to the widow of a former Fellow.

£20 (in addition to £230 previously granted) to the widow of a former Fellow who died after having been an invalid for many years.

£66 (in addition to £436 previously granted) to the widow of a Fellow towards the maintenance and education of her four young children.

£42 10s. (in addition to £212 10s. previously granted) to a former Fellow, over 80 years of age, who is blind.

£40 (in addition to £210 previously granted) to the mother of an Associate who was killed in action. The recipient is over 80 years of age.

£40 (in addition to £160 previously granted) to the widow of an Associate, who was left with slender means, towards the education of her son.

£19 10s. (in addition to £122 18s. previously granted) to the widow of an Associate who died at an early age and was unable to make adequate provision for his family.

£16 10s. (in addition to £55 10s. previously granted) to the widow of an Associate, for expenses in connection with the education of her son.

£13 (in addition to £91 previously granted) to the widow of a Fellow who died at an early age, for the education of her child.

£40 (in addition to £100 previously granted) to the widow of an Associate who was killed in an accident, leaving several young children.

£100 (in addition to £25 previously granted) to an Associate suddenly afflicted with blindness.

£7 10s. (in addition to £72 10s. previously granted) to the widow of an Associate left in reduced circumstances.

£35 (in addition to £20 previously granted) to an Associate convalescing after a long illness.

£12 10s. (balance of a grant of £50) to a Fellow of advanced age who, owing to ill-health, was unable to continue practice.

£21 10s. (in addition to £219 10s. previously granted) to the dependant of a deceased Fellow.

£40 (in addition to £45 previously granted) to the widow of a Fellow in reduced circumstances.

£49 0s. 1d. (in addition to £26 13s. 4d. previously granted) for the education of one of the children of a deceased Fellow.

£25 (in addition to £10 previously granted) to the sisters of a deceased Associate in straitened circumstances.

£25 (in addition to £10 previously granted) to the daughters of a deceased Fellow in indifferent health.

£12 10s. (balance of grant of £25) to the widow of a Fellow.

£33 to an Associate in indifferent health.

£33 5s. to a former Fellow of advanced age, who was unable to continue practice.

£20 (in addition to £10 previously granted) to a Fellow of advanced age.

£40 to an Associate in straitened circumstances.

£10 (in addition to £50 previously granted) to a Fellow during a long illness.

£10 (in addition to £160 previously granted) to an Associate in straitened circumstances.

£30 to a widow of a deceased Associate for the support of her children.

£16 10s. (part of a grant of £36) to the widow of a deceased Fellow.

£25 to a Fellow towards the expenses of an operation.

£15 (part of a grant of £30) to the widow of an Associate for the support of her children.

£25 to a Fellow in temporary need towards the education of his children.

£65 for temporary assistance to Members in five cases.

The expenses of the Fund have been confined as usual to the necessary outlays for printing and postage.

The accounts for the year ended September 30th, 1932, duly audited, are annexed to this report, together with a full list of subscribers and donors.

Dated this 29th day of November, 1932.

JAMES MARTIN, *President.*

HENRY J. BURGESS,
ARTHUR E. PIGGOTT,
E. W. C. WHITTAKER,
W. H. PAYNE,
R. T. WARWICK,
Trustees.

ALEXANDER A. GARRETT, *Hon. Secretary.*

THE INCORPORATED ACCOUNTANTS' BENEVOLENT FUND.

REVENUE ACCOUNT, *for the Year ended September 30th, 1932.*

	£	s.	d.		£	s.	d.
To Printing, Postages, &c.	84	5	7	By Annual Subscriptions	717	8	6
„ Grants	1,000	10	1	„ Life Subscriptions	68	5	0
„ Balance	413	14	3	„ Donations	250	8	9
				„ Dividends and Interest (including Income Tax recovered)	462	7	8
	£1,498	9	11		£1,498	9	11

BALANCE SHEET, *September 30th, 1932.*

	£	s.	d.	£	s.	d.	£	s.	d.
Sundry Creditors				55	0	0			
Revenue Account—									
Balance at Sept. 30th, 1931	10,215	4	1						
Add Balance for 1932..	413	14	3						
				10,628	18	4			
				£10,683	18	4			
Cash at Bankers—									
Current Account							292	2	3
Investments at Cost—									
£4,950 3½ per cent. Conversion Stock				3,848	4	2			
£2,750 4½ per cent. Conversion Stock				2,582	5	2			
£400 5 per cent. Conversion Stock				418	6	0			
£900 4 per cent. Funding Loan, 1960-90				676	18	6			
£1,262 17s. 4 per cent. Consolidated Stock				1,000	0	0			
£500 India 3½ per cent. Stock				533	9	0			
£484 17s. 4d. Local Loans 3 per cent. Stock ..				466	0	0			
£200 London County 3 per cent. Consolidated Stock				171	16	0			
£204 0s. 10d. New South Wales 5½ per cent. Stock, 1922-1932..				197	3	9			
£208 10s. New Zealand 4½ per cent. Stock, 1948-1958				200	16	0			
£300 London and North Eastern Railway 4 per cent. 1st Preference Stock ..				246	17	6			
£50 Society of Incorporated Accountants and Auditors 5 per cent. Debenture (Gift)				50	0	0			
Market value of Securities at Sept. 30th, 1932, £12,344 15s. 9d.							10,391	16	1
							£10,683	18	4

HENRY J. BURGESS, *Chairman of Trustees.*

I have examined the above accounts, together with the Books and Vouchers, and find the same to be correctly stated. I have also verified the securities of the Fund.

61, West Smithfield, London, E.C.
November 29th, 1932.

W. SOUTHWOOD SMITH,
Incorporated Accountant,
Hon. Auditor.

Incorporated Accountants' Students' Society of London and District.

Prizes and Special Lectures for Students.

As an encouragement to their members who are entering for the examinations of the Parent Society, the Committee of the above Society have decided—

(1) To award a prize of £10 10s. to the member of the London Students' Society who takes the highest honours place in each Final examination, and £5 5s. to the member who takes the next highest honours place. Similar prizes of £5 5s. and £3 3s. to be awarded in respect of each Intermediate examination.

(2) To engage a paid lecturer to give one lecture each session (spring and autumn) on a subject specially designed for students, dealing with points that arise in practice, with blackboard illustrations where appropriate.

Fifty Years' Progress.

An Address by Sir James Martin,
delivered at a luncheon of the Incorporated Accountants' District Society of Liverpool.

On November 30th the Incorporated Accountants' District Society of Liverpool entertained Sir James Martin, F.S.A.A., as the guest of honour at a luncheon given at the Exchange Hotel. Mr. ALEXANDER HANNAH, F.S.A.A., President of the Liverpool District Society, occupied the chair, and a large number of members and guests were present to meet Sir James Martin, among whom were :—Sir Max Muspratt, Bart., J.P., Major E. S. Goulding, O.B.E., F.S.A.A., Major J. Albert Eckes (Chairman of the Liverpool Chamber of Commerce), Mr. W. H. Legh-Smith, F.S.A.A. (City Treasurer of Liverpool), Mr. R. D. Cripps (Clerk of the Peace for the City of Liverpool), Mr. S. R. Harmer (President, Liverpool Institute of Bankers), Mr. C. Hewetson Nelson, J.P., F.S.A.A. (Past President of the Parent Society), Mr. H. G. Alexander, F.C.A. (President, Liverpool Society of Chartered Accountants), Mr. F. J. Winchester, F.C.I.S. (President, Liverpool Branch of the Chartered Institute of Secretaries), Mr. Alan Standing, F.S.A.A. (Member of the Council), Mr. John A. A. Berrie, R.C.A., Mr. Charles M. Dolby, F.S.A.A. (Hon. Treasurer), Mr. A. A. Garrett, M.A., B.Sc., F.C.I.S. (Secretary of the Parent Society), Mr. Harold Foster (H.M. Inspector of Taxes), Mr. James Boucher, F.S.A.A. (Borough Treasurer, Wallasey), Mr. T. N. White, F.C.A. (Hon. Secretary, Liverpool Society of Chartered Accountants), Mr. R. Miller, F.C.I.S. (Hon. Secretary, Liverpool Branch, Chartered Institute of Secretaries), Mr. W. E. Nelson, F.S.A.A., Mr. E. Chetter, F.S.A.A., Mr. Fred. J. Coombes, F.S.A.A., Mr. R. Duncan French, C.C., Mr. S. W. Hanscombe, M.B.E., A.S.A.A., Mr. C. H. Huntley, A.S.A.A., Mr. W. G. Lithgow, F.S.A.A., Mr. Alfred E. Noon, F.S.A.A., Mr. G. Cameron Ollason, F.C.A., C.C. (President, Liverpool Chartered Accountants' Students' Association), Mr. Cecil Semper, F.S.A.A., Mr. J. C. Summerskill, A.S.A.A., Mr. Charles Tunnington, F.S.A.A., Mr. S. Woodyer, A.C.A., A.S.A.A. (Hon. Auditor), Mr. C. Dudley Thayer (Hon. Secretary, Students' Section), Mr. W. Bertram Nelson, A.S.A.A. (Hon. Secretary).

The PRESIDENT, at the conclusion of luncheon, called on Sir JAMES MARTIN, who was received with applause. Sir James introduced his address with a few personal references. He recalled the early services of Mr. C. Hewetson Nelson as Hon. Secretary of the Liverpool Society, particularly in the organisation of a Conference held in Liverpool in 1903. Among their guests at that conference were Lord Stanley (now the Earl of Derby) and the late Earl of Birkenhead, then Mr. F. E. Smith, a junior at the Bar who subsequently became Lord Chancellor of England. Lord Stanley, at that time Postmaster-General, travelled specially to Liverpool to keep the engagement, and returned to London again by the night train. Sir James quite understood why Lord Derby was loved all over Lancashire. For a period of seventeen years the executive work of their Society had been in the hands of Mr. Alexander Hannah, whom he was glad to see in the chair that day, and whose valuable co-operation in placing the finances of the Incorporated Accountants' Benevolent Fund on a satisfactory basis he desired to acknowledge. Mr. Hannah was succeeded by Mr. Bertram Nelson. Mr. Nelson had already shown much promise in his work, and had stimulated the interest of a large number of young men in Liverpool to support the activities of the Liverpool Society.

Sir James Martin then proceeded with his address.

He said: Fifty years is a period of time, the length of which a young man can hardly contemplate in a forward outlook, but for one who has taken part in events covering half a century the years have passed with remarkable rapidity. It is not difficult to see why I am choosing a rapid review of the years 1882-1932 because this is the era of organised accountancy in England and Wales, but I am not attempting anything beyond a mere sketch of certain events which may be of interest to those assembled here to-day.

In 1882 H.M. Queen Victoria was on the throne and had not attained her jubilee. Mr. Gladstone was Prime Minister. The National debt was about one-tenth of what it is to-day and income tax was 5d. in the pound instead of 5s. Accountancy as an organised profession was in its infancy, although there were then some well known and respected practitioners, but as the Institute claimed in its petition to the Privy Council 500 practitioners comprised most of the leading public accountants in England and Wales. I do not think that I overstate the case when I say that 50 years ago insolvency business was the mainstay of the office of a practising accountant. Bankruptcy (including arrangements with creditors) was carried out under the provisions of the Bankruptcy Act, 1869. This Act allowed what was known as "Liquidation by Arrangement," or composition with creditors, and all that a man had to do when being pressed by his creditors was to file a petition under which a receiver was appointed, who held the estate until the first meeting of creditors took place. The receiver was usually an accountant appointed by the Court on the application of the solicitor to the debtor, and the receiver being first in the field had a good opportunity of being subsequently appointed trustee, especially as voting by proxy was allowed. There was no statutory provision for the audit of trustees' accounts, and much dissatisfaction arose among creditors, which was voiced by the Association of Chambers of Commerce, and Mr. Joseph Chamberlain subsequently carried through Parliament the Bankruptcy Act of 1883, with the provisions of which you are all familiar.

THE BANKRUPTCY ACT, 1883.

One of the results of the passing of the 1883 Act was that trustees under the 1869 Act were called upon to account for unclaimed balances in their hands, and this led to the disappearance of certain accountants to the ultimate good of the whole profession.

About the period to which I am referring there was a Judge in the City of London Court whose sayings became well known all over the country. On one occasion a debtor appeared before him on a judgment summons, and the Judge recognising him as having been there on several previous occasions said, "Why don't you come to some arrangement with your creditors?" The debtor replied, "I don't know how to go about it." "Oh!" said the Judge, "it is quite simple; all you have to do is to go across the road to see one of the solicitors there and he will send for an accountant. The solicitor and accountant will divide what you possess between them and pay your creditors with a piece of paper." The same Judge, after hearing a case in which there were a number of witnesses who indulged in prevarication, startled his Court by exclaiming, "David said in his haste, 'all men are liars'; I sit here and say it at my leisure."

I know that there have been some criticisms of the Bankruptcy Act of 1883, but amongst the duties I have

discharged in my time was to sit as a member of the Departmental Committee appointed by the Board of Trade forty years after the Act of 1883 was placed on the Statute Book. The terms of the Committee's reference were: to consider and report on desirable amendments of the Bankruptcy Act in regard to the discovery and punishment of offences. We heard a great deal of evidence, and my colleagues and I were unanimous in refusing to make any recommendations which were likely to lead to a disturbance of the main provisions of the Bankruptcy Act. I felt sure that in adopting this attitude I had the support of all thinking members of the profession, who would be aghast at any prospect of the return of the loose methods practised by some of the defunct trustees under the Act of 1869.

EXPERIENCES IN THE LOBBY.

The next Act upon which I should like to say a few words is the Local Government Act of 1888, which brought into being County Councils and District Councils. It was my duty as the Secretary of the Society in that year to endeavour to induce the Minister in charge of the Bill in Parliament to substitute a professional audit for an official audit by the auditors of the then Local Government Board. I failed in my object mainly because the audit of the Municipal Corporations in those days was loosely performed by elective auditors appointed by the burgesses, but my attendance in the House for that purpose led to an interesting incident which is worthy of mention. The Home Rule controversy was at its height, and *The Times* newspaper brought some serious charges against Mr. Parnell, the Irish Leader, relating to the disturbances in Ireland. Parnell moved in the House for a Select Committee to inquire into the charges brought against him and his colleagues, and by the kindness of one of the members of the House I was present during the debate which provoked an excitement which only those who lived through that period can appreciate. The Committee asked for was refused by the House, and eventually a commission of three Judges was set up to consider all the charges which had been made against the Irish leader. I cannot pursue this subject, but it is interesting to note that Mr. Asquith, subsequently Prime Minister, appeared as junior counsel in defence of the Irish Leader and his party.

Lobbying in the House and attending before its Committees does not make one very desirous of being present at the debates, and twelve years elapsed before I was again in the debating chamber. On this occasion, when I arrived at the House, a member told me that if I would repair to the gallery at once I should hear Mr. Balfour announce the relief of Ladysmith. No sooner had I reached my seat than in answer to a question, Mr. Balfour got up and read a telegram from General Buller announcing that the seige had been raised. There was unbounded enthusiasm shown by the public in regard to what was then a bitter struggle with varying fortunes, but most of these memories have been obliterated through the Union of South Africa and also by the disaster which overtook the World in the great war of 1914-1918.

ACTS OF PARLIAMENT REVIEWED.

In reviewing Acts of Parliament I would just refer to the Arbitration Act of 1889, if only to express my regret as an arbitrator who undertook references for many years that such a comparatively small amount of the interesting business of an arbitrator is now carried out by professional accountants. There was another Local Government Act in 1894 dealing with Urban Rural District Councils and a further Act for London government which constituted the London Borough Councils outside the City of London. I regret to say that these Acts brought practically no business to the profession. The Public Trustee Act of 1906 has been of great importance, as it established the office of Public Trustee in this country, the first holder of the office being my late friend, Sir Charles Stewart, who has left a treasured memory behind him. The Public Trustee Act has given rise to the carrying out of this class of business by banks and insurance companies, and has also, I think, led to the appointment of many members of our profession either as trustees of deceased's estates with suitable remuneration, or as auditors of trustee's accounts. The Limited Partnerships Act of 1907 has been a disappointing statute of which comparatively little use has been made.

The National Insurance Act of 1911 led to the setting up of a new Government Department the first appointed auditors under which were drawn almost exclusively from the profession, the Incorporated Society receiving a fair share of the appointments, one of which was secured by a former Secretary of this Incorporated Accountants' Society of Liverpool. The Registration of Business Names Act of 1916 was a useful piece of legislation, the provisions of which should be more stringently carried out.

The only other Acts of Parliament to which I can devote a few moments' consideration are the Finance Acts and the Companies Acts. Consideration of the nation's Budget must be regarded as the most important business which Parliament has to undertake annually. During the period I am reviewing there have been 23 appointments to the office of Chancellor of the Exchequer. Some Ministers have filled the office on more than one occasion, but, even so, in the course of 50 years seventeen different statesmen have occupied that great position. On behalf of the London Chamber of Commerce or the Association of Chambers of Commerce I have been privileged to address seven Chancellors of the Exchequer in the interests of commercial and professional men. Probably I left no impression on the Chancellors, but I have learned something of their ways and methods.

DEATH DUTIES.

Looking at the annual Finance Acts which are founded on the Budget, I would first refer to the Act of 1894, which established the death duties as we so well know them, although death duties were actually imposed in a modified form in the eighteenth century. This Act of 1894 represented the policy of Sir William Harcourt. I am not going to argue whether death duties are or are not a sound form of taxation, but what I do maintain is that the inclusion every year of the yield of these duties as part of the income of the nation is absolutely unsound and really amounts to a misfeasance, which is the doing of a lawful act in a wrongful manner. Death duties are, in fact, a charge on capital, and as such they ought to be devoted year by year to the reduction of the nation's capital liabilities.

EXCESS PROFITS DUTY.

The next Finance Act, at which I can merely glance, is the No. 2 Act of 1915, which provided for the imposition of the Excess Profits Duty. This Act was carried through Parliament by Mr. McKenna, who showed a sound judgment in dealing with professional men. In spite of certain protests Mr. McKenna exempted members of recognised professions, including accountants, from liability to Excess Profits Duty on the ground that a professional man made his profit by extending his personal capital in the shape of his knowledge and brain power. One of the bright spots of the war period was the manner in which so many able practising accountants gave their services to the Government without fee or reward and justified the Chancellor of the Exchequer in his attitude.

Excess Profits Duty gave rise to the setting up of a Board of Referees, and I am glad to remember that amongst those originally appointed to the Board was Mr. C. Hewetson Nelson, who was then President of the Society of Incorporated Accountants and Auditors. I believe Mr. Hewetson Nelson still discharges certain special duties which have been assigned to the Board of Referees, who must now be regarded as a permanent body in connection with taxation, like the General Commissioners of Income Tax.

SUR-TAX.

The only other Finance Act to which I would refer is that of 1927, which discontinued super tax with the assessment for the year 1928-29 and substituted sur-tax, nominally for the year 1928-29, but not collectable until 1929-30. The result of this manœuvre, which has always excited my hostility, is that when a sur-tax payer dies his estate is left with a liability for sur-tax for the previous year, notwithstanding that the average taxpayer believes that by his periodical payments to the Inland Revenue he discharges his indebtedness for everything that is due by him. This idea emanated from the fertile brain of Mr. Winston Churchill.

WAR DEBT TO THE UNITED STATES.

Before leaving the nation's finances, I must say a few words regarding a matter which is uppermost in our minds, and that is the War Debt of our country to the United States of America. Some ill-informed criticism has been directed against Mr. Baldwin in regard to the terms of repayment which he agreed at Washington when he was Chancellor of the Exchequer in Mr. Bonar Law's Government. The responsibility which Mr. Baldwin undertook should rest upon the shoulders not only of himself but also on his colleagues, on the members of his party, and on many representative industrialists and commercial men. I am able to give a little enlightenment on the matter. When Sir Robert Horne was Chancellor of the Exchequer in Mr. Lloyd George's Coalition Government the proposal came up that he should visit America to make arrangements. In the course of the necessary preparations for his departure Sir Robert Horne consulted many representative men in the commercial world. At one of the interviews which he gave at the Treasury I was present, and Sir Robert asked each member of the deputation in turn his views in regard to repayment. At that time everyone was prepared to acknowledge to the fullest extent our obligations to the United States, although, of course, we bore in mind that Germany was to pay reparations and that other nations were also to honour their indebtedness to us to an extent not exceeding what we had to pay.

The Coalition Government subsequently fell and was succeeded by Mr. Bonar Law's administration, the result being that Mr. Baldwin went to America instead of Sir Robert Horne. I have no recollection of any deputation to Mr. Baldwin, but there is no doubt that the notes of the interview with Sir Robert Horne were in the hands of the Treasury and were available for Mr. Baldwin's information. It seems to me that owing to the economic breakdown of the world, and the special difficulties of European nations, we have reached the position where a re-adjustment of this important matter is absolutely necessary, but we do a poor service to ourselves and our country if we try to place on the shoulders of any individual, however eminent, a responsibility which belongs to each one of us individually. I consider Mr. Baldwin to be the best type of an Englishman, and I am pleased to be able to bear humble testimony towards one who has never shrunk from any difficult or disagreeable duty. I am all the more glad to say this because I have never been one of Mr. Baldwin's followers and I do not belong to his particular political party.

There is another thing I want to say in regard to our debt to the United States. I have been amazed in the course of conversation lately to hear suggestions that we might repudiate our obligations. The word "repudiation" should not be mentioned or even thought of. Some five years ago I was asked to make some observations regarding Great Britain's indebtedness to the United States of America. I venture to quote half-a-dozen lines of what I then said :—

> "In regard to Great Britain's debt to America there was only one feeling among commercial men, and that was, obligations entered into mainly for our allies in the war must be honoured. In all dealings, whether between individuals, between constituent parts of the Empire, or between nation and nation, there was a promise which was immutable if the condition was fulfilled. He that sweareth unto his neighbour and disappointeth him not, though it were to his own hindrance, he that doeth this thing shall never fail."

But let me leave the high moral standpoint for one moment and look at the matter from the point of self-interest. Where should we have been in the counsels of Europe if we had not respected our obligations? What could we have said to Mr. de Valera when he proposed to break the contract of the Dominion of the Irish Free State with this country? What could we say now to the thirty-five foreign states the Governments of which are refusing to allow their nationals to meet their obligations to their creditors, the general excuse being that they cannot allow currency to go out of their countries because they have got to preserve their national credit? Why are Lancashire and Yorkshire suffering to-day in their trade rather more than most counties in England? It is because the goods their manufacturers have sent out to customers in certain countries are not paid for owing to State action. Remittances do not arrive and trade is paralysed, and the manufacturers have huge debts on their books with no immediate prospect of redress. The avenues of trade are stopped, manufacture is clogged and unemployment increased, until we have the Prince of Wales telling us that in his recent tour of Lancashire he found in certain towns nearly half the people without work.

COMPANY LAW AMENDMENT.

Now I turn to the Companies Acts. They are always with us. I find that during the last half-century no less than nineteen Acts of Parliament have been passed dealing with Company Law in one form or another. At the end of 1931 there were on the register nearly 115,000 companies with a share capital of over £5,500,000,000, as against less than 10,000 companies with a share capital of under £500,000,000 fifty years ago. The joint stock companies system affords an immense amount of work to accountants, not only in the capacity of auditors but in relation to the keeping of proper and adequate accounts. In large public companies many qualified accountants are now employed as officers of these companies independently of the auditors, and in many private companies, where the transactions are not of wide dimensions, accountants are often employed for the purpose of writing up books. From every standpoint our profession has the widest possible interests in a proper system of Company Law and practice, and in the honest and conscientious management of both public and private companies. I would like to take this opportunity of conveying to my old friend and colleague on the Council of the Society of Incorporated Accountants and Auditors,

Mr. Henry Morgan, the thanks which are due to him for the way in which he has kept this subject prominently before the public. In Mr. Morgan we have a rare combination of ability and fearlessness, and in one particular matter which attracted public attention some eighteen months ago the whole profession are under an obligation to him for his action. As I had the honour of being a member of both the Wrenbury Committee, appointed by the Board of Trade in the year 1918, and the Greene Committee, also appointed by the Board of Trade in 1925, to consider and report what amendments are desirable in the Companies Acts, I have approached this matter with great care and, I hope, with some knowledge as to what is necessary in the interests of investors who are shareholders in companies, and the even wider public who have business transactions with them. I entirely concur in what the Greene Committee said when it stated "That the system of Company Law and practice enforced in England and Scotland has been gradually evolved to meet the needs of the community at large and the commercial community in particular. That the great masses of limited companies both public and private are honestly and conscientiously managed, and that cases in which fraud or lesser form of dishonesty or improper dealings occur are comparatively few." At the same time there are certain matters where in the light of more recent experience some reform is necessary, and in relation to this a special Committee of the Council of the Society, consisting of Mr. Henry Morgan (chairman), Mr. Cassleton Elliott (now the President of the Society), Mr. Thomas Keens, Mr. Hewetson Nelson, and myself, has issued a report under date April 7th last, which has been duly adopted by the Council of the Society and published. Further than this the Association of Chambers of Commerce has a special Committee on Company Law Amendment now sitting, of which Mr. Henry Morgan, Mr. Wilson Bartlett, the Vice-President of the Society, and other representatives of the profession are members. This Committee is considering the whole subject. I am also an *ex-officio* member, but I am not taking a very active part in its operations because I feel it is necessary that opportunity should be afforded to others of looking into these important matters and making suggestions thereon.

THE PROFESSIONAL OUTLOOK.

The pressure of public events which are uppermost in our minds has rather deflected the course of my address to-day, and I have only a few moments left in which to refer to our own Society of Incorporated Accountants and Auditors. I do not propose to burden you with any statistics which are supplied from time to time to the members and the public by my friend Mr. Garrett in the official reports which are published on the authority of the Council. As one of the three surviving members of the first Council of the Society which obtained its incorporation in 1885 and launched it upon its career, I can say with absolute truth that our organisation has more than justified all that we ever expected of it and has attained a position which is acknowledged throughout the world.

In the year 1907, after 22 years hard work and honest endeavour, the diploma of the Society was pronounced by the High Court of Justice in England to be a certificate indicating "reliability and integrity." That pronouncement, mark you, was made as the result of a four days trial, when the question was decided in the affirmative as to whether the members of the Society had the exclusive right to the designation of "Incorporated Accountant." It was not a grant of any privilege on a petition; it was accorded to our members as an act of impartial justice. We as members of the Society have never failed to maintain our high calling, able and willing to fulfil any and every requirement which has been properly demanded of us.

The profession of which we are members was declared by His Majesty's Government in the days of the Great War to be of national importance. To-day we are feeling to some extent the economic position of the world, because the prosperity of our profession is dependent upon the prosperity of industry and commerce. Some unthinking people whose ideas do not keep pace with the times foolishly make the remark that the prosperity or adversity of industry and commerce suits accountants equally well. We have much to be thankful for, but unless the economic depression passes away there must be some contraction instead of expansion of a profession dependent on the prosperity and well-being of its clients.

At the same time we must now allow ourselves to be obsessed by difficulties arising from such matters as war debts and reparations. In spite of the legacies of the Great War each one of us must keep a retentive memory of the past and a clear outlook for the future. The progress which I myself have witnessed during the past half-century has been wonderful in national and local government administration, in banking and commerce, finance and industry, in improvements in transport and travelling generally, in better labour conditions, in a higher standard of living, in improved housing, in the development of thrift and in greater leisure and improved opportunities for amusement and sport. All these things have come to us, and I would repeat that if we do not allow ourselves to be diverted from the path of rectitude and duty we shall never fail. (Applause.)

Mr. ALEXANDER HANNAH, in proposing a vote of thanks to Sir James Martin, said: I know I am expressing the feeling of all of us that, in spite of restriction of time, we should not let this occasion pass without expressing to Sir James our gratitude and thanks for his great sacrifice of time and effort in preparing his address and travelling 200 miles in order to greet us and deliver it to us personally. You will agree with me that it has been a most instructive, interesting and helpful address. Whilst Sir James Martin's services are, and always have been, at the disposal of even the most junior and humble member of our Society, such efforts on his part as this to-day must necessarily be limited, and it is only because Liverpool has a soft spot in his heart that he acceded to our request to visit us. I assure you, gentlemen, that Liverpool is envied by all the District Societies to-day.

It is not known to you—many of whom were not born when Sir James Martin was laying out and planning our great Society, and, incidentally gentlemen, actually our livelihood, because we could not possibly practise without the security and the respect of the public which the membership of our Society ensures for us—it is not known to you the amount of work he has put in for our Society in the past, the disappointments, the opposition of over forty years ago, but with steadfast faith in his own convictions he won through.

It will never be known the extent of the sacrifices Sir James Martin has made for our Society in wealth—in personal advantages and in many other ways. And here we must not forget Lady Martin, who has by her care of his health, her support in all his undertakings—her sacrifice of his company and sacrifice of leisure, played her secondary part in the building up of his reputation and position and the building up of the reputation and position of our Society. If, as I have said, Sir James Martin has sacrificed wealth and many other things, he has gained what is beyond measurement in monetary values, the satisfaction that he has not lived in vain—that he has

contributed to the happiness and success of his fellow men, the assurance that he will leave this world the better for his having lived in it. And what I believe to be his greatest reward, the love and affectionate gratitude of every member of our Society. And after a long life spent in the toil and stress of professional and commercial life, when he has been tested and tried from all angles, his name is honoured by all that is best in London. It is no small achievement. Gentlemen, my proposition is that a hearty vote of thanks be accorded to Sir James Martin.

The vote of thanks was carried by acclamation and acknowledged by Sir James Martin.

Sir MAX MUSPRATT, Bart., proposed a vote of thanks to Mr. Hannah for presiding. Sir Max said he had been much interested in Sir James's speech, particularly as many of the events to which Sir James had alluded were of peculiar interest to him and covered a substantial period of his own career. As a scientist and industrialist he was familiar with the importance of facts, figures and the practical deductions to be drawn therefrom. That was a process which Incorporated Accountants utilised, though in regard to financial rather than scientific facts. In common with many industrialists he expressed his obligation for the services of their profession. There was, however, one rather alarming fact which Sir James had given them: fifty years ago the income tax was 5d. in the £; now it was 5s. If his after luncheon calculation was correct, he estimated that at the end of the next fifty years they or their successors would be enjoying an income tax of about 10s. in the £. (Laughter.) He concluded by proposing a cordial vote of thanks to Mr. Hannah for his conduct in the chair, which was cordially adopted.

Society of Incorporated Accountants and Auditors.

MEMBERSHIP.

The following additions to the Membership of the Society have been completed since our last issue:—

ASSOCIATES.

ALLEN, KENNETH ERNEST WILLIAM, Clerk to Harper Smiths, 30, London Street, Norwich.

BROWN, HERBERT EDWARD, Clerk to Bedell & Blair, St. James' House, 44, Brazennose Street, Manchester.

CLARK, WILLIAM FRANK CATTERALL, Clerk to Hamilton & Rowland, 8, High Street, Southampton.

COOPER, VICTOR DUDLEY, Clerk to Leith, Freake & Cade, 75, Maitland Street, Bloemfontein, South Africa.

COWLEY, WILLIAM, Clerk to Ashmole, Edwards & Goskar, Cornhill Chambers, Christina Street, Swansea.

FEAVER, LESLIE EDWARD, Clerk to Barton, Mayhew & Co., Alderman's House, Bishopsgate, London, E.C.2.

GUPTA, MUNSHILAL CHITARMAL, B.Com., M.A., formerly Clerk to Dalal & Shah, 49, Apollo Street, Fort, Bombay.

JAMES, WILFRED PREECE, Clerk to White & Pawley, 6, Sussex Terrace, Princess Square, Plymouth.

KING, STEPHEN NOEL, Clerk to Edward Bicker & Son, Upper Hinton Road, Bournemouth.

LANE, EDWARD GEORGE, formerly Clerk to Stephenson, Smart & Co., 28, St. Thomas Street, Weymouth.

MALHOTRA, PURAN CHAND, Clerk to Wilson, Bigg & Co., 28A, Basinghall Street, London, E.C.2.

NICOL, JAMES LEISHMAN, Clerk to Festus Moffatt, 126, High Street, Falkirk.

SEN, DINES CHARAN, B.A., formerly Clerk to Pawley & Malyon, Finsbury Court, Finsbury Pavement, London, E.C.2.

TETLEY, JOHN, Clerk to T. Watson, 4, East Parade, Leeds.

VANSTONE, SIDNEY CYRIL, Clerk to Singleton, Fabian & Co., 3, Throgmorton Avenue, London, E.C.

ACTION AGAINST ACCOUNTANTS.

Failure to Detect Defalcations.

An action against a firm of Chartered Accountants came before Mr. Justice Talbot in the King's Bench Division on December 12th, 13th, 14th and 15th, when Mr. Joseph Armitage, architectural designer and sculptor, of Page Street, Westminster, claimed damages from Messrs. Brewer & Knott, Chartered Accountants, of Budge Row, Cannon Street, London, E.C., alleging negligence in their audit of his books, in that £1,400 defalcations by his lady secretary and cashier were not detected. The accountants denied any negligence in their quarterly audits of Mr. Armitage's accounts.

Mr. Stuart Bevan, K.C., for the plaintiff, explained that the lady secretary, a Miss Harwood, was prosecuted, and in December a year ago pleaded guilty and was sentenced to 15 months imprisonment. Mr. Brewer and Mr. Mills were the members of the accounting firm when Miss Harwood was Mr. Armitage's book-keeper, and in 1929 their accountancy for Mr. Armitage was changed to a quarterly audit. Mr. Armitage said he had had loss with previous cashiers, and must be protected against irregularities. The principal part of the defalcations—£1,258—was in respect of time-sheets, and the case for the plaintiff was that there was a point where this loss should have been detected, and beyond that date the auditors should be treated as accountable for the loss. Mr. Bevan complained that invoices in some cases were admitted as receipts, and time-sheet totals were not checked into the wages book; duplicate entries were not detected where a workman's expenses were drawn through petty cash and the items they covered figured later in the book; that workmen sometimes were not working for the times with which they were credited, and that initials of foremen were not genuine.

Mr. Tom Eastham, K.C., for the defendants, said it was material that items which the plaintiff thought should have been compared came into different auditing periods.

The Judge remarked, in turning documents, that he should have thought receipts which were not stamped would have challenged the comment of an auditor.

Mr. Bevan suggested the auditors should have pointed out that it was unfortunate that payments and wages documents all went through the same pair of hands. Foremen or workmen should have been interrogated direct as to time-sheet signatures and hours of work.

In the witness box, Mr. Armitage, who had been doing work on the Bank of England building, declared he told his auditors that he was at the mercy of his employees, and if it came to an alternative between attending to his artistic work and letting a secretary defraud him he should have to accept the latter alternative. When he asked, the defendants told him Miss Harwood was a good book-keeper. As to the disappearance of documents, he had a rule in his office that time-sheets might be destroyed six months after audit. Apparently receipts and time-sheets had been forged.

Mr. George Henry Clark, member of the Society of Incorporated Accountants, on the staff of Messrs. Price, Waterhouse & Co., said he inquired into the frauds. Apparently an invoice for goods for rail, marked C.O.D., was treated by the auditors as a receipt, showing payment. He agreed it was undesirable that one person should have uncontrolled management of the books of any concern. He thought he should himself have detected what was going on in April, 1930. Where a workman drew a sum to expend in small items he should expect

to find his receipts pinned to the voucher. Several of the matters of which Mr. Bevan complained, any auditor might have passed. Time-sheets were challenging where money and hours were both wrongly added. He thought the foreman should have been consulted; there were discrepancies between the horizontal and vertical totals. He himself should have made suggestions on the way the wages were kept.

Mr. Eastham pointed out that the defendants were not charged with negligence in failing to effect amendments of system. Often vouchers were lost. Many auditors did not trouble about cash payments under a pound. When some questions were raised, Mr. Armitage said they did not matter as he trusted the workmen.

Mr. Clark, in cross-examination, agreed that when Miss Brewer, who conducted the majority of the audits, had drawn attention to the absence of a receipt for £3 12s. there was no negligence; one might be told that vouchers were missing. If Mr. Armitage said he did not wish to be troubled with small matters, one would not pursue it. The manner of book-keeping steadily improved. It was possible that some figures were altered during audit, say in a lunch interval, between checking and addition.

Mr. Justice Talbot observed that generally it was the duty of auditors to be suspicious.

Mr. Clark agreed that an auditing clerk would not read all the items of a receipt.

Mr. Justice Talbot said it might cut at the foundations if petty cash vouchers were never read. Internal evidence would reveal alterations.

Without special instructions, Mr. Clark said, one might test time-sheets by simply examining examples.

When Mr. Justice Talbot pointed to a sentence in the correspondence, "we check calculations and additions of all time-sheets," Mr. Eastham said there was a time in 1930 when a change occurred in the method of dealing with time-sheets in the audit.

Mr. Clark observed that the lady auditor had clearly taken trouble with the time-sheets and made alterations and inquiries. He would say that the forgeries he saw were cleverly done. In the case of rubbing out, one had to remember that it was not unusual for workmen to alter their time-sheets. Though many hours had been added to time-sheets, the agreement of totals might not excite suspicion.

Mr. Justice Talbot made the comment that some of the mistakes were so clear and palpable that they looked more like incompetence than knavery.

Mr. Clark thought the irregularities should have been discovered by the end of the third audit, completed February 28th, 1930. He himself should not have passed all these documents in different departments made out by one hand.

Mr. Eastham submitted that the first wrong time-sheet, found among 700, at the fourth audit, could not have aroused suspicion.

Mr. Justice Talbot said there appeared, on the correspondence, to be two duties on the auditors, (1) to check the calculations and additions of all time-sheets, and (2) to check totals of wages sheets into wages book.

Mr. Charles William Argent, Chartered Accountant, for many years senior audit clerk to the defendants, gave evidence of conducting the second quarterly audit alone. C.O.D. on a bill for £1 13s. 6d., he said, justified him in passing it, because the goods could not have been delivered without payment.

Mr. Justice Talbot: If that is not the invariable practice, the assumption falls to the ground?

Mr. Argent assented. The receipt for the amount appeared in the following audit.

Mr. Wilfrid Mills, Chartered Accountant of 19 years standing, stated that up to 1929 they did accountancy work for income tax for Mr. Armitage, but did not purport to audit. He dissented from Mr. Armitage's statement that they were asked in April to audit, and put the instruction in August. When Mr. Armitage, in an interview, used the word "audit," witness explained the difference between accountancy work and audit. Miss Brewer said it would be impossible to do a full audit for the year ending June 30th because of missing vouchers.

Mr. Bevan pointed out that Mr. Armitage twice used the word "audit" in documents before August—once in March—and the defendants' account spoke of "audit of accounts."

Mr. Mills said their use of the word there was unfortunate. He had to explain to clients sometimes the difference between accounting and audit. He was absolutely sure the arrangement for audit was in August. The defendants' audit note-book showed the programme of work from July 1st to 29th. He did not remember Mr. Armitage saying he must have protection, after his experience with three cashiers. The accountants had put his books right. What Mr. Armitage said was simply that he wanted an audit. He did not use the word "fraud." From time to time, when asked, witness told him Miss Harwood was a satisfactory book-keeper, his view being based on what he learned from Miss Brewer, who was responsible for the majority of the audits.

Mr. Bevan asked, with reference to omission to make up the stock-book, if it would facilitate fraud supposing the stock-book were not kept posted.

Mr. Mills said he thought so. It was better, but not essential, that it should be fully entered. Witness instructed Miss Brewer to see that it was written up. After an employee of Mr. Armitage left, in 1930, there was a change of method, the wages sheets being checked in full instead of tested by samples, as previously. They told Mr. Armitage that if he thought there should be the full checking they would include it in the audit.

Mr. Bevan: Why was it not necessary to do it from the outset?

Mr. Mills replied that they had a double check in the work of the employee who had now left. She was an assistant secretary who had something to do with the wages sheets.

Mr. Justice Talbot: There is no document or interview in which this change was authorised?

Mr. Mills answered that he could only say that there was a change. He denied that he said "nothing serious could go wrong because our check would inevitably reveal it." When he saw Mr. Armitage he should have said things were all right.

Mrs. Betty Wootton Beech (formerly Miss Brewer), Chartered Accountant, qualified in November, 1929, admitted Associate early in 1930, since 1930 a partner in the defendant firm, and in the office since 1923, said that before 1929 the accounting for Mr. Armitage did not include audit. The interview at which witness was present, when audit was asked for, was in August, 1929. Every time she went she had spoken to Mr. Armitage of the number of small mistakes, and many were put right as they went along.

Mrs. Beech explained that she accepted a document for the railway as a receipt because of initials in the corner. In a case where 5s. 1d. appeared as 15s. 1d. it would be natural to accept the 15s. 1d. in the position in which it was found. For another item she ticked, she knew she

had seen a receipt; the receipt had since disappeared; for other cases ticked in the petty cash there must have been receipts. A document put in she should not have accepted as a receipt for a guinea without some other document. In one case the explanation would be that the foreman paid the dealer direct and omitted to obtain a receipt, and therefore had signed the invoice himself.

Mr. Justice Talbot observed that that was not recollection, but probability, and did not help as a check on Miss Harwood.

Mrs. Beech: There was no one, my lord, to ask but Miss Harwood.

Mr. Justice Talbot: That makes your task the more difficult, no doubt.

Mrs. Beech said a change in the manner of dealing with the time-sheets occurred when Miss Harwood intimated that she had not time to check the calculations in the wages sheets, which had previously been done by Miss Harwood and an assistant secretary, and witness gave instruction to her clerk to check the wages sheets in detail. This made no difference in her firm's charges.

Mrs. Beech explained, as to the time-sheets, that she raised questions, and she understood that the foreman was being inquired of. She certainly trusted Miss Harwood in the sense that she did not think she was deceiving anybody. As to the duplicated entries for Cole's drawings for expenses, witness mentioned to Mr. Armitage the need for having his vouchers, and Mr. Armitage said he had told Cole to bring in receipts "where he could."

Mr. Bowstead, for the defence, submitted that, with petty cash losses of only £69, it did not follow naturally that there would be losses of many hundreds in the time-sheets, and there were no time-sheets till the fourth audit. The wage-sheet losses were, therefore, too "remote a consequence," in law, of any negligence in respect of the petty cash, to be recoverable.

Mr. Justice Talbot said one of the objects of an auditor was to enable the employer to get rid of a fraudulent servant, and the natural result, if one kept a fraudulent book-keeper, was that frauds would follow.

Mr. Bowstead contended it might be assumed that the person delivering goods C.O.D. collected the cash.

Mr. Justice Talbot: Supposing the defendants are liable, and I think there is nothing in your point about the remoteness of damage, when do you say the damages should begin? The plaintiff says at the end of the third audit.

Mr. Bowstead said at the end of the sixth audit.

Mr. Bevan pointed out that Mr. Mills took no part in the audit and was able to exercise an unprejudiced judgment, and he was not asked whether he thought the method of audit justified. Mr. Bevan asked for £200 for Messrs. Price, Waterhouse & Co.'s investigations, and total damages of £1,259. He added that he desired to say that the large customer who had been referred to had, upon Messrs. Price, Waterhouse's certificate, in no way suffered by what had happened.

The Judgment.

Mr. Justice Talbot, giving judgment, said Mr. Armitage's business was peculiar, in that he must be absorbed in his artistic work, and but for his reputation as architectural designer and sculptor, which depended upon that, he would have no business to audit. He had to conduct his studies and a large business, and he must have a way of escape from the distraction and annoyance of uneasiness as to whether his accounts were properly kept. His Lordship thought any new arrangement in audit, about August, 1931, from what Mr. Armitage had arranged for, was contrary to the weight of the evidence, and particularly Mrs. Beech's. The documents at the beginning set out that the defendants would vouch all payments with receipts in petty cash, check calculations and additions of all wage sheets, check totals of wage sheets into wages book, check weekly totals with other detailed provisions, and accountants undertaking duties of that kind could not be heard to excuse themselves on the ground that this or that was a small matter; they undertook a rigorous check, and they did so because that was what their client wanted. He told them he wanted protection against petty frauds. The defendants knew uncontrolled powers were committed to the person in the office Miss Harwood filled. They did not refuse the audit because of the risk of employing one woman in that kind of position. What was required of them in the circumstances entailed more laborious work and more vigilance. They undertook that work, and the reassurances that Mr. Armitage frequently asked for, they gave. That was a sufficient account of the duty they undertook. Had it been performed with the care they owed the plaintiff, and which could be expected under their retainer from competent and upright professional people? His Lordship thought the answer to that was that it had not. However much it might be wrapped up, the defendant's case came to this, that systematic fraud for 2½ years by one person could not be detected by the exercise of reasonable care on the part of the accountants. His Lordship did not like to use strong language, but that appeared to him to be bordering closely on nonsense. On the evidence, it was an allegation which did not bear a moment's examination. If it needed an answer, it was that it had been detected with such accuracy that Miss Harwood had pleaded guilty at the Central Criminal Court. It was doubtless true that to detect required minute examination of a large number of documents, but that was exactly what the defendants undertook to do. Mr. Mills' letter of September 25th, 1929, on the work they had just done showed what the defendants understood to be their duty. As to the suggestion that some things were too trivial to notice, audits differed greatly as to scope and special instructions. A 6s. 1d. had been altered to 16s. 1d. That was passed in what purported to be a meticulous examination. The discrepancy on the voucher the most casual inspection would detect; both figures were there. His Lordship was struck by the audacity with which many of these frauds were committed. It looked as though Miss Harwood had found that she had nothing very formidable to fear in the way of audit. It was the duty of the auditor to bring that 10s.—which was indication not only of fraud but of forgery—at once to the notice of the principal. That one piece of paper raised a grave suspicion. It was of critical importance. It was by little things like that that forgeries and frauds were found out. To examine only a sample of the time-sheets his Lordship thought contrary to the terms of the statement he had indicated. But the point was that to the vouchers they did examine the defendants did not bring proper care. It was no use looking at such documents as were found here unless one did it with scrupulous accuracy. If in turning over documents all of one was not seen, then the document must be taken out of the pile. The suggestion that something was the kind of thing a junior clerk would have passed was an unjust imputation on junior clerks. But if junior clerks could not do the work, they must be got rid of; auditors could not get rid of their responsibility by delegating it to junior clerks. There were many items which Mr. Clark said frankly he might have passed, but when there was something to make one uneasy his Lordship thought

the defendants should have been doubly vigilant. Against systematic dishonesty the plaintiff had no protection except the defendants, and it was for that protection against Miss Harwood principally that he paid, and that he was entitled to get. Mrs. Beech, who gave her evidence very fairly, entirely realised that. She did not make any difficulty about admitting it. "We realised it was part of our duty to check her transactions and to protect the plaintiff against irregularities or dishonesty of hers." His Lordship was afraid it could not be said that that was very steadily pursued. As to a number of matters, Mrs. Beech was content to accept the assurance of Miss Harwood. In the matter of the duplication in the petty cash of Cole's disbursements, there was no suggestion against Cole of dishonesty, but a very moderate amount of inquiry and care should have detected these double entries when they began. That a multitude of time-sheets were fraudulent was admitted. His Lordship was satisfied that if the defendants had done their duty, before the time-sheets came into the case, Miss Harwood would have gone and there would have been an end of her frauds. It was clear that a good many documents were suspicious on their face and called for inquiry. The defendants seemed to have been content to treat the time-sheets as simply a matter in respect of workman or foreman—to guard against fraud there—but the time-sheets turned out to be the largest part of the money frauds Miss Harwood committed.

His Lordship entered judgment for the plaintiff for £1,259.

ENGLISH-SPEAKING ACCOUNTANTS IN PARIS

The annual dinner of English-speaking accountants in Paris was held at the Hotel Continental, Paris, on December 2nd last. Mr. O. L. Overbury (Josolyne, Miles & Co.) presided, and there were 97 guests.

At the conclusion of the dinner, Mr. Overbury stated that there would be no speeches beyond his own, which would be short. After a brief reference to the prevailing depression, he mentioned that the committee had endeavoured in arranging the seating at the dinner to bring together those who did not know each other rather than to maintain the boundaries between firms, but that there would be liberty of action as to association when they adjourned to the next room for the smoking concert.

Practically all the guests remained for the smoking concert, in which several members of the profession took part. Several artistes had been engaged for the evening, and the entertainment did not terminate until well after midnight.

The proceedings concluded with votes of thanks to the Dinner Committee (Mr. O. L. Overbury, Mr. C. H. Evans, Mr. Oscar Fawcett, and Mr. L. C. David), and to Mr. C. H. Pert, Mr. G. S. Salter, and Mr. A. M. Jeffery Ohlson, for their efforts, which had resulted in such a successful evening.

The following elections to the membership of the Chartered Institute of Secretaries are announced. As a Fellow: Mr. J. R. W. Alexander, Secretary of the Institution of Gas Engineers, formerly Parliamentary Secretary of the Society of Incorporated Accountants and Auditors. As an Associate: Mr. James C. Fay, Secretary of the Incorporated Accountants' Students' Society of London and Chief Clerk on the staff of the Society of Incorporated Accountants and Auditors.

The Outlook for Sterling.

A LECTURE delivered before the Incorporated Accountants' London and District Society by

Professor T. E. GREGORY, D.Sc. (Econ.),
Cassel Professor of Economics in the University of London.

The chair was occupied by Mr. RICHARD A. WITTY, the President of the London and District Society; and amongst those present were Mr. Hore-Belisha, M.P. (Financial Secretary to the Treasury), General Sir Arthur Maxwell (President of the Institute of Bankers), and Dr. W. H. Coates, LL.B.

Professor GREGORY said: I suppose that after addressing an audience of economists, the next most difficult audience in the world is an audience of accountants, because you are the people who estimate with an accuracy that is marvellous to humble people like myself the precise results of everybody's mistakes; and the alteration in the standard of value in this country in the last 15 months has, I suppose, done its little bit to save 50 per cent. of the undertakings with which you are concerned from complete bankruptcy and decay.

I want to begin my lecture to-night by asking, What is the great difference between the condition of affairs while we were still on the gold standard and the condition of affairs now when we enjoy the benefits, if they are benefits, of a free exchange? In both cases the problem from the standpoint of the foreign exchange market remains exactly the same. We are a part of an international community; we are, in fact, a very important part of that international community. Therefore, the immediate problem of the foreign exchange market is the problem of equilibrating supply and demand, of reaching a price for sterling, looked at from the standpoint of the world as a whole, or a price for foreign currencies, looked at from our standpoint, which will satisfy both supply and demand simultaneously; and we have to ask ourselves in the first instance how a paper exchange, a paper standard, enables us to solve this particular problem of equilibrium as compared with a gold standard. The difference is this. It sounds a truism, but it is, in fact, one of the most important aspects of the whole situation. The difference between a paper standard and a gold standard is simply that under a gold standard all other factors in the problem have to be adjusted to the factor of a fixed exchange, whereas if one departs from gold, not only may all the other factors change, but the rate of exchange itself may vary. That sounds, I repeat, a very simple and a very obvious proposition, but it is in many respects the most fundamental fact with which a country in the position of Great Britain may be confronted; because you have to ask yourselves: if you cannot alter the rate of exchange—and you cannot alter the rate of exchange in the case of the gold standard without going off gold—and if you can alter the rate of exchange when you are off gold, how does the process of linking up supply and demand in the first place and the rate of exchange in the second place really work itself out?

If you have a fixed exchange, the only way in which, if there is an excess for the moment of demand over supply—if, in other words, we have foreign debts of one kind or another which we have to settle without the necessary counter-claims being available—how, under the gold standard, is the thing done? Well, the thing is done, putting it rather vulgarly, by Bank Rate policy; that is to say, under a gold standard, gold is allowed to move from this country to foreign countries until the banking

system as a whole is so much affected by the losses of gold which it has incurred that it puts up the Bank Rate here, and putting up the Bank Rate here has the effect in the long run—and it sometimes may be a very long run—of depressing both the level of prices and the level of money incomes in Great Britain; whilst at the same time the loss of gold which we have incurred means that some other countries are receiving accretions of gold, and therefore the world level of prices goes up, and with them the world level of incomes goes up, so that our price level goes down and the foreign price level goes up. The effect is to encourage exports from this country, and to diminish imports, so that in the long run equilibrium is achieved.

EFFECT OF BANK RATE.

There is, however, in every exchange situation a factor the importance of which cannot be overlooked. The first effect of a rise in the Bank Rate under the gold standard—and the effect which makes itself marked long before the levels of prices or of incomes here or abroad are affected—is to shift the volume of international bankers' balances between one centre and another. Let us suppose that for the time being we owe money to the United States. We cannot, under a gold standard, alter the rate of exchange; but if the Bank Rate is raised here above the level of Bank Rates in the United States, so long as the American authorities and banking institutions do not distrust the future of the £ sterling, that is immediately followed by an inflow of balances from New York to London to take advantage of the higher rates for money which are ruling in our market from day to day. One might sum it up in this way. Under a gold standard there are two, and only two, methods of achieving equilibrium. The fundamental and long-period method is to alter the relative levels of prices and of money incomes in one country as compared with the rest of the world. The second, which is the more immediate, and in some respects the more important method, from the standpoint of the market, is to put up the Bank Rate to affect the relative flow of bankers' funds between the great international centres of the world.

Now, if we ask how this situation differs from the situation which obtains under a paper standard, the answer is fairly simple. There are certain common elements in both situations. It is possible, even under a paper standard like our own, supposing that the situation demands some alteration in the immediate day to day position—to bring in the necessary supply of foreign exchange by the simple process of putting up the Bank Rate. Let me take a very simple and very imminent possibility. It is probable, in my opinion, that on and after December 15th we shall have to settle an immediate instalment of the Anglo-American debt. If we could not do anything else—I repeat, if we could not do anything else, though we can, in fact, do other things—if we could not do anything else we could find the necessary dollars by raising the Bank Rate here, because by raising the Bank Rate here, say, 1 per cent. above the rate ruling in New York, we should attract so much money that the settlement of the bill immediately due would be a task of no difficulty whatever. I do not recommend this particular solution of the problem which the Treasury has to face within about a fortnight from now; I simply use that illustration to show that one of the methods which is available when you have a gold standard is also available when you have a paper standard. You can always use the Bank Rate as an instrument to force or attract or induce foreign countries to lend you the money of which you are immediately in need. Of course, lending you the money at the moment simply means that you have to find the money at some later time, but the use of the Bank Rate for attracting money is common both to the gold standard and the paper standard.

The real difference between the two systems is simple. Under the gold standard you may try—you may not always be successful—to alter all the other factors in the problem except the rate of exchange itself. Under the paper standard you may try to alter all the factors in the problem, including the rate of exchange itself. The rate of exchange under a paper standard is capable of elasticity, and if you are constantly face to face with the problem of having to pay more to foreign countries than they are temporarily in the position of having to pay to you, one way by which this problem of adjustment can be solved is by the expedient of allowing the rate of exchange to fall.

EFFECT OF FALL IN RATE OF EXCHANGE.

That leads me to the question, How does a fall in the rate of exchange help to solve the problem? It is perfectly simple. Let us suppose that we cannot meet the amount of the debt due on December 15th by any other method whatever. Let us suppose we have no resources in the way of American securities, we have no gold in the Bank of England, nobody is willing to lend us any money, and we are face to face with the problem of adjusting the debt—how can it be done by a fall in the rate of exchange? It can be done, because every fall in the rate of exchange means that foreign commodities in this country, owing to that very fact, become more and more expensive from the standpoint of the British consumer. At the present time the rate of exchange is in the neighbourhood of 3.20 dollars. If the rate of exchange were to fall on December 15th to 2.00 dollars to the £—this is not a prophecy, it is a mere supposition—if it were to fall to 2.00 dollars to the £, that would mean that anybody here who is in the habit of using imported American cars, or typewriters, or who reads the "New Republican" or "Harper's Magazine," or has been in the habit of buying Wrigley's chewing gum, or any other of the delights with which America furnishes us, would have to pay a good deal more in terms of sterling than he paid before; and as nothing has happened to his income to cause him to be willing to pay more than he did before, there would be an immediate reduction in the amount of American goods which this country would be in a position to buy. In other words, the import side of the problem would be affected by the circumstance that our imports from America would fall off. On the other hand, there are many kinds of English goods which, even at the present level of the American tariff, would become immediately attractive to Americans. If the rate of exchange fell from over 3 dollars to 2 dollars, I take it that Lancashire cotton goods, Rolls Royce cars, English sporting clothes, tennis rackets and other things that Americans buy in this country would become much cheaper in terms of dollars than they are at the present moment. Therefore, the effect of a fall in the rate of exchange would be to cause our imports from the United States to fall off and our exports to the United States to go up; in other words, a fall in the rate of exchange, due to the existence of a paper standard, has the great virtue that without any alteration in British or American prices it does stimulate exports, it does increase the claims which this country has on foreign countries, it does reduce the amount of claims which foreign countries have on us.

You can put this into more scientific language, if you like, in the following way. The virtue of a paper standard, as compared with a gold standard, is that it enables you to adjust the rate of exchange to the local price level, instead of adjusting, as you have to do under the gold

standard, the local price level to the fixed exchange which you have chosen to adopt. In a country such as ours, in which costs and the level of prices are very rigid, in consequence of all sorts of conditions (into which I need not go at this stage), there is a *prima facie* advantage in adhering to the paper standard, because it enables you to adjust the rate of exchange to the level of costs instead of trying to adapt the level of costs to the rate of exchange. You are not to infer from what I have just said that I am on balance a supporter of a paper exchange, but any economist surveying the situation must admit that the real difference is constituted by the great adaptability of the rate of exchange to the local situation in the second case as compared with the first.

Now I come to a question which influences the present situation to a very profound extent. Let us suppose that it is true—as it obviously is true—that the rate of exchange can adjust itself to the various "pulls" that are being exercised in the exchange market from time to time. Is it not the case that, when you have a flexible instrument like the paper standard, the paper exchange may overshoot the mark? Even supposing the position of Great Britain requires a fall in the rate of exchange, may it not be the case that the actual rate of exchange will fall further than it is really required to do by the circumstances of the situation day by day? The answer to that, in general terms, is this: It is possible, once you have got a fluctuating rate of exchange, for the rate of exchange at the moment to be pushed in one direction, or the other, further than the circumstances of the case really require.

This possibility simply arises from the fact that the exchange market—the market in which pounds are exchanged for dollars, francs, marks, &c.—embodies demands representing a whole series of payments some of which are not congruent with others. It is a market exposed to multifarious influences, in which all sorts of demands make their appearance, and the rate of exchange which would satisfy some of those demands is not sufficient to satisfy others. Economists, ever since the end of the War, have got into the habit of taking as their datum line the relative state of prices in one country as compared with the relative state of prices in another, and they have argued that the rate of exchange ought to be such as to equilibrate prices in the various countries which you are comparing with one another. What I mean is this. Before the War, and again after it (after the reintroduction of the gold standard) up to September 21st, 1931, the rate of exchange between pounds and dollars was £1 for 4.86⅔ dollars; and, owing to the fact that the exchange was fixed, the price level here and the price level in the United States had to be such as to make the retention of the particular rate of exchange a possibility.

Now, supposing you go off the gold standard, supposing American prices fall by 50 per cent., and our prices double, under those circumstances, economists say, the rate of exchange under a paper exchange is in equilibrium if it is such as to make British prices translated according to the rate of exchange the same as American prices. If our prices are twice what they were, and American prices are half what they were, it is reasonable to suppose that pounds ought to fall in terms of American dollars, so that a pound is worth a quarter of what it was before. Therefore, we say that the equilibrium rate of exchange, when thinking of prices, is a rate of exchange which makes it as cheap to buy in America with English pounds, or as cheap to buy in England with American dollars. That is all there is in the celebrated theory which is called the Purchasing Power Parity theory of the foreign exchanges. The equilibrium rate of exchange, unfortunately, may, however, not necessarily be the rate of exchange which satisfies all the requirements of buyers and sellers of dollars, pounds, francs and marks on any particular day in the exchange market.

Factors Operating in Exchange Market.

That leads one to ask, what are the main factors operating in the exchange market from week to week, and from day to day? One can divide them up, broadly speaking, into four lots. First of all, there are a certain number of people who have got to pay for the imports which they draw from foreign countries, and there are certain other people who are entitled to receive from foreign countries payments for the exports which they are concurrently making to those countries. In addition to this concrete movement of goods, there is a concurrent movement of services. The City of London has for many years acted as the centre of the international finance and the international insurance of the world, and every year we are entitled to receive (even in periods of bad trade) £50,000,000 to £60,000,000, which represents payments for the various kinds of services—financial, insurance, etc. —which we carry out. I need not dilate on this particular subject, because you cannot go to any town in any part of the world without finding somewhere a branch office of a firm of British accountants. The British accountants can be paid in dollars or pesetas or what-not, but, sooner or later, the head office is entitled to some of the proceeds; therefore, in addition to streams of payments receivable on account of goods, there are these payments on account of services. The most important of the services we render is the great international service that is troubling us at the moment owing to depressed conditions, *i.e.*, shipping. There are the elements which you will find a newspaper summing up under the heading of "The Visible Balance of Trade"—the imports and exports of the country.

But in addition to these goods, and in addition to the invisible things which we call services, the exchange market is liable to be affected from moment to moment by the existence of financial relations between countries in the narrowest possible sense of the word. Every year we are entitled as a nation to receive an annual sum from Greek, South American, Australian and various other securities. We are not receiving very much at the moment, but we are in fact entitled to a great deal more. In addition to that, some American investors are taking up British securities, and British investors are taking up American securities. There is an international flow of securities which at times assumes very large proportions —how large nobody knows, but that it is of great international importance can be gathered from the circumstance that it was universally said in New York this summer that the doubling of the values of American equity securities between the middle of July and the middle of September was mainly initiated by the purchases of Scottish Investment Trusts. I hope that is true. In any case, there is an enormous international flow of securities, capital movements, new issues, purchases of securities of one kind and another. In addition, there is a movement of interest payments, and, finally, besides these more or less fixed elements in the situation, there is the perfectly incalculable but sometimes very important element of speculation in the rates of exchange themselves. At the moment I suppose there is hardly a bank on the Continent of Europe which is not hoping that sterling is going to go down further. In the last two or three weeks there has undoubtedly been a very considerable selling of sterling abroad in the anticipation that payments to America will force sterling down from 3.20

to 3.00, and therefore that a comfortable profit can be picked up until Mr. Hoover dictates the inevitable word. In other words, the exchange market is subject to a large number of influences, some of which are calculable, others are almost entirely incalculable, with the result that the rate of exchange which will satisfy all those demands on both sides may be a rate of exchange very different from the rate of exchange which you would have expected if you were merely taking price levels into account.

Economists have invented a special terminology to deal with this. I will not bother you with more than one phrase out of many. If the rate of exchange ruling in the market is such that it is lower than the rate of exchange which is yielded by a comparison of price levels, then economists say that that particular rate of exchange is "under-valued" for the time being. It is my point—and the point, I think, of the majority of economists—that sterling has been under-valued consistently from the time we left the gold standard in September of last year. On the other hand, if the rate of exchange ruling in the market is higher than that which ought to exist if we are taking comparative price levels into account, then that rate of exchange is stated to be over-valued. The importance of these conceptions of under-valuation and over-valuation is this. If the rate of exchange is under-valued, it means that for the moment there is great pressure against imports and a great stimulus—other things remaining the same—to exports; because, if the British rate of exchange to-day is 3.20, and on a comparison of price levels, it ought to be 3.50 or 3.80, that makes our goods to Americans and others extraordinarily cheap, and it makes American goods to us relatively extraordinarily dear.

On the other hand, if our rate of exchange were over-valued, if it were 4.00 dollars to the £ when it ought to be 3.00 dollars to the £, that would be a great discouragement to British exports and a great encouragement to British imports. The whole argument between those who did, and those who did not support the return to the gold standard in April, 1925, lay in the fact that the opponents of the return to the gold standard in 1925 rested their case on the statement that the rate of exchange at 4.86⅔ dollars to the £ was grossly over-valued. I merely mention that by way of an illustration of what I mean by an under-valued or an over-valued rate of exchange.

How Sterling has Behaved since Gold Standard was Dropped.

Now, how has sterling behaved since we went off gold in September of last year? Broadly speaking, the movements of the rate of exchange have been as follows. Sterling fell steadily from September to January of this year. It rose almost as steadily from January until July. From July down to the present time it has been falling again, and the question arises: What are the most important influences which have been operating in the dollar-sterling exchange market since we went off the gold standard, and how does it leave sterling at the end of the whole movement?

Let me answer the first question first. I think no person looking at the actual facts of the case can come to any other conclusion than that, on the basis of relative price levels in this country and in the United States, sterling throughout the whole of those 14 months ought to have been much higher than it actually was; in other words, throughout the whole of the period, sterling has been under-valued, and at times extraordinarily under-valued.

I took the trouble this afternoon to work out these striking facts. If you take the position in December, 1931, when our price level was almost exactly the same as the price level which rules to-day—a little higher, but not very much—the rate of exchange between sterling and dollars was about 3.38 to the £. On that basis, if you compare the relative price levels operating in December, 1931, sterling ought to have been worth 4.36; it actually was worth 3.38. The £ was therefore at that time enormously under-valued. If you take the position at the end of November of this year, when our price level was in the neighbourhood of 111 to 113 (I am taking the well-known figures of the *Economist*), and you compare it with the American price level at that time, the exchange was in the neighbourhood of 3.20, but it ought to have been, on a comparison of the relative price levels, in the neighbourhood of 3.80. The under-valuation is less than it was this time twelve months ago because our prices have remained stable, and American prices have gone down.

Throughout the whole of the last fourteen months, since we have been off the gold standard, the British rate of exchange has been, taking price levels as your datum line, very considerably under-valued. Therefore, the effect ought to have been that we should have had a most terrific trade boom; we ought to have had the time of our lives. But we have not had it, because other countries have taken the step of restricting and hampering foreign trade as much as they could. They realised that the exchange was under-valued, and that unless they took protective steps, British exports would increase, and the result has been an amount of interference with the volume and amount of international trade such as the world has hardly ever seen before.

I want to emphasise the fact that, ever since we went off the gold standard, looked at from the price level point of view, sterling has been constantly under-valued. Therefore, we have to ask, what are the causes which have led to this under-valuation? Well, I think sterling has been throughout the last 14 months the plaything, the football, of capital and interest movements. Down to December, 1931, the movement in the rate of exchange was almost entirely dominated by what foreign countries thought of the Labour Government and of the National Government; in other words, there was very considerable distrust of the future outlook in Great Britain, and this sent sterling rattling down without any reference whatever to the intrinsic purchasing power of the £ at home.

In the Spring of this year there took place a dramatic rise in the value of sterling, which brought it up from 3.30 to 3.80. What was that due to? It was due to nothing more mysterious than the double series of panics in the United States when at one time it looked as if the last thing Americans wanted to hold was the American dollar. I do not regret the American panic. Some people were frightfully alarmed in this country because sterling was going up, but I rather welcomed it. We were enabled to pay off our debt to New York and to Paris, owing to the fortunate circumstance (to us) that the Americans were beginning to distrust their own currency. In the Spring of this year we saw what was happening—bank failures and falling prices in the United States itself; and ever since the summer the renewed fall in sterling is primarily to be ascribed to financial movements of one kind and another.

First of all, there came the boom on the New York Stock Exchange. People bought dollars in this country in order to be able to buy American equities. Then there came the renewed feeling of confidence on the part of Americans themselves in the outlook. They therefore repatriated some of the balances which they sent over here in the spring. In addition to that, there came the

ordinary normal pressure in July, which goes on until the end of the year, representing the movements of cotton, wheat and other things. In any case, it is perfectly easy to link up the major movements in sterling with the major financial events which have taken place in the last 14 months. It is not by any means as easy to link up the movements in sterling with the relative movements in prices which have taken place in the same period.

RELATION OF PRICE LEVELS AND RATE OF EXCHANGE.

It is quite true that in the long run the price levels and the rate of exchange will stand in some sort of equilibrium relationship to one another, but that does not really tell you whether, in the short run, it is the dog which wags the tail or the tail which wags the dog. In other words, it does not tell you whether the fall in foreign prices is the cause of the fall in the rate of exchange, or whether it is British policy in one way or another that has caused British prices to go down and to carry with them a subsidiary movement in the rate of exchange. I have an uneasy feeling, although I know some authorities would not agree with me, that we have been in some respects the greatest deflationary force in the world ever since we went off the gold standard. We have got the British internal price level more or less constant—whether by luck or good fortune or the capacity of the National Government I do not care to go into. We have, in fact, got the British price level more or less steady; but we are in the position of being monopolists, and we can switch our demand for raw materials and foodstuffs about the raw material world with an influence on prices which would be quite incredible unless one realised what the actual circumstances of the raw material world were.

In the first place, if we refused to buy American maize, or American cotton, or Virginia tobacco, and bought these things in Canada, Rhodesia and elsewhere, of course we should at once exert a tremendous pressure upon American gold prices. In the second place, we have become in the course of the last twelve months a tariff country. We are therefore in a position to force the raw material producers to lower their prices considerably in order to get over our tariff barrier, in consequence of which we are at the present time, in my opinion, a deflationary rather than an inflationary force so far as the rest of the world is concerned. The whole traffic into Great Britain, so far as foodstuffs and raw materials are concerned, is a "bottle-neck" traffic, and we can make the foreigner pay the particular price that we dictate; in other words, in consequence of our monopoly position as the one sound buyer left, apart from the United States, I think we have really deflated world prices by going off gold rather than helped them to go up. Whether I am right or wrong on this particular point, I am, in my own mind, certain about this one thing, that the movements of exchange rates in the last 14 months have been more the expression of financial factors than they have been the expression of price factors, and I think most authorities who have studied the subject will be inclined to agree with me. Certainly there has not been anything in the present situation in the last two or three weeks which justifies the recent fall in exchange, and one can find parallels to the recent fall in other cases over the last fourteen months.

THE FUTURE OF STERLING.

That brings me to the last portion of my lecture, namely, what is the future of sterling? So far, I have been talking about the past of sterling with a view to throwing some light upon the future. There is one thing that I cannot do, and I do not think any responsible economist is in a position to do it, and that is to tell you what the rate of exchange is going to be on January 1st, 1933. If I knew it, I would keep that particular secret very closely locked up in my bosom. But I do not know it, and I must therefore be somewhat vague when I talk about the future of sterling.

First of all, I want to draw attention to one important circumstance. At the moment, sterling is under-valued. We therefore have at once two possibilities: we can either allow sterling to go up and face the consequences in the shape of falling internal prices, or we can try and keep sterling at its present figure or even lower, in which case as soon as anything like a world recovery takes place we are bound to face the fact that the internal price level is likely to go up very sharply. We have been benefiting by the fact that we have been deflating world prices, but as soon as other people start buying at the lower rate of exchange, the greater will be the possibility of pressure upon internal prices.

The second element which is likely to affect the future of sterling is the present and anticipated Treasury policy on the subject of the floating debt. It is a very remarkable circumstance that after nearly three years of the most—what shall I say?—deep-seated depression that the world has ever seen, the level of bankers' deposits at the Bank of England is up by some £18 millions, and the level of deposits at the joint stock banks is up by something like £200,000,000. As soon as trade recovers, I look forward to a very sharp rise in prices on this ground alone. We have—I say it with bated breath in the presence of the Financial Secretary to the Treasury—we have in effect within the last nine or ten months been pursuing a kind of inflationary policy. It has not had any effect upon prices so far, but it may have as soon as the velocity of circulation of bank deposits begins to go up. If prices do rise, because we have increased actively the volume of purchasing power in this country, of course that means that the rate of exchange is likely to go down unless other countries do the same thing.

The third factor which is influencing, or is likely to influence, the course of sterling, is the level of interest rates in this country and the United States. There is an enormous disparity between the yield of bonds in London and in New York. One of the reasons why people have not taken advantage of this disparity is the fall in exchange. As soon as people tumble to the fact that there is no particular reason why they should not hold an American security rather than a British one—as soon as the investing public, under the spur of the next Budget, realises this fact, we may look forward to considerable capital movements out of London into New York, and the effect of that will be a fall in sterling.

Now I have to call attention to the movements of public opinion. For the last 14 months there has been one slogan in the financial and other press which has always gone down with the British people—"For heaven's sake, do not let sterling go up, because if it does we will all be ruined again." The general feeling in business and financial circles has been that we ought to encourage a further fall in sterling rather than a rise; that means that of the two alternatives—pegging the exchange at the present level or allowing it to go up—we are more likely to peg it. The probable course of sterling is downward rather than upward.

But, of course, we are not the only pebble on the beach. We have to consider two other sets of circumstances. The first is the course of American prices. I think that as one surveys these problems of international economic

policy, the more clearly one arrives at the simple conviction that the economic future of the world depends very largely upon what happens in the United States. We have to ask ourselves, is it probable that prices will go on falling in the United States, or is it possible or probable that prices will rise there? If we peg sterling at a low figure and prices rise in America, prices in this country will go up more rapidly than would otherwise be the case.

We have to ask ourselves what are the probabilities of the situation. Well, upon that subject it is almost impossible to speak except in terms of "ifs" and "buts." I believe myself that, just as our own technical banking situation points to a rather sharp rise in prices if recovery returns, that is just as true of the American situation. We have no idea in this country of the extent to which the Federal Reserve system has been pumping credit into the American financial world. The level of credit issued by the Federal Reserve system to-day is higher than at any time, I think, except during the War itself. Millions of currency are hoarded by the public, and more millions are in the banks, and the consequence is that if the tide does turn, we may look forward to a very sharp rise in American prices. That will be the moment when the British Government will have a very hard task in front of it.

In the last few days, the news one has heard from the United States has been anything but encouraging. It is quite on the cards that if unemployment grows this winter, if the Stock Exchange fails to respond to the mild medicine in the shape of credit expansion, we may have renewed disturbances in the American dollar. The first effect of that would be to send the sterling rate of exchange up. We might have a renewed flight from the dollar. But if there is to be a bad winter, American prices will go on falling, and that will reinforce the fall in the dollar-sterling rate of exchange which I have said is almost inevitable, or at least probable, on other grounds as well.

THE QUESTION OF DEBT RELATIONS.

Lastly, in surveying the immediate future, one has to consider the effects of the existing debt relations between this country and the United States. I am not going into the question as to whether we ought to pay or not, I am simply dealing with the question of what will happen if we do pay. There is no reason whatever why our payment on December 15th should shake the exchange to the extent of one-sixteenth of an American cent. So long as this country has got in the neighbourhood of £140,000,000 in the Bank of England, it is perfectly ludicrous to suggest that there must necessarily be any effect upon the dollar rate of exchange at all. There will in any case be a bill to pay when the Chancellor of the Exchequer introduces the next Budget; but there need not be any effect whatever upon the dollar sterling rate of exchange. All that it is necessary to do in order to cover this particular payment is to ship some of the gold which the Bank of England now possesses. The risk which is attached to that is merely that the "intelligent foreigner" is really so unintelligent that he cannot distinguish between an increase in the fiduciary situation and the total volume of notes in circulation.

The mere fact that we take £30,000,000 out of the Bank of England, and have £30,000,000 more notes circulating without any gold behind them makes no difference. It really is the duty of the authorities to make clear to the foreigner that the export of gold at this particular stage of the economic depression is not equivalent to an increase in the total volume of circulation in the United Kingdom. I therefore think that we need not alter the rate of exchange at all by paying the next instalment of the American debt. I am not going to talk about what is going to happen after the next instalment. The only thing we have to fear in this direction are certain psychological reactions on the minds of Continental bankers. Every Continental banker has already, I suppose, been "bearing" sterling, and cannot go on "bearing" it because we have paid our debt in a perfectly lawful way. I think there has been some tendency in the press and elsewhere to exaggerate the effect on the rate of exchange which is likely to be produced by the payment of the next instalment, so long as we pay it in gold. The only other way of paying it is by conscripting American dollar securities in this country or going into the exchange market and buying exchange. If we did that, it would have a very powerful effect in sending sterling down, but I suggest that there is absolutely no need whatever for us to pursue that particular course. In any case, in comparison with the two other factors which I have mentioned—the course of prices in America and Treasury policy and the course of prices here—the next debt payment is very "small beer" indeed.

There is one final point as regards the future of sterling to which I want to draw your attention. If nothing is done in the course of the next twelve months to alleviate the burden of tariffs and exchange restrictions from which the world is now suffering, these would be another factor tending to push sterling down. You will remember the old illustration used by Bernard Shaw of the classic contest between the manufacturers of big guns and the manufacturers of armour plate. As soon as somebody invented bigger guns, the manufacturers of armour plate invented better armour plate, and so it went on. That has been the position between the countries off gold and the countries who do not want to receive imports.

The net effect is that the world's tariff levels to-day are I suppose, higher than they have been at any time since the end of the seventeenth century. And, what is worse, public administrators, civil servants and politicians have become much more able and much more honest during the course of the last two centuries, so that you cannot buy your way through a tariff, which I understand was possible in the old days of Russian and other autocracy. If the tariff levels keep on going up, the tendency will be, on this as well as on other grounds, for sterling to fall.

Summing it all up, there are perhaps two chances for sterling to go up. The first lies in the fact that our exchange is under-valued, and that we can, if we like, choose by deliberate policy to reduce the degree of under-valuation. The second lies in the future of American prices. But I think, speaking frankly, he would be a very bold man indeed, even if he is the Editor of the City column of a newspaper, who would be prepared to bet what sterling will look like this time next year.

Discussion.

The CHAIRMAN: I am sure you will all agree that we have had a very entrancing address on a subject which offers plenty of opportunity for debate. We have on the platform this evening several gentlemen who are particularly competent to discuss the subject, and I am privileged to call upon two of them to open the discussion. May I offer on your behalf a special word of welcome to Mr. Hore-Belisha, the Financial Secretary to the Treasury? We are delighted to welcome him here and, although you may possibly be a little disappointed, I feel sure you will quite understand his desire to be reticent on this subject, having regard to the great responsibilities which lie upon his shoulders. I am, therefore, going to call on, first, General

Sir Arthur Maxwell, President of the Institute of Bankers, and secondly, Dr. W. H. Coates, who, as you know, is one of our own examiners and who gave us an address on Currency not long ago.

General Sir ARTHUR MAXWELL, K.C.B.: In the first place I should like to compliment Professor Gregory on his illuminating, interesting and courageous address. I am not going to follow him in his remarks about "sensible economists," but I was glad to hear him emphasise that there were sensible economists, and I would like to say—without throwing bouquets at him—that he is one of the few we have got. I am going to talk as the man-in-the-street, a common or garden man like yourselves, though I happen to be a banker and you happen to be accountants. I would like to say one or two things with regard to Professor Gregory's general remarks, and the first is that we have not been the only deflationary cause in the world; there has been another very material deflationary cause. The bulk of the world's trade during the past 40 or 50 years has been carried on with borrowed money; that money has been provided on short-term or long-term loans, and the two countries that are at present able to lend have for various reasons refrained from lending. That is one of the great deflationary causes of to-day and one of the causes of the reduction in price levels. That fact is very often ignored, but I think we should all remember it, without in any way blaming either of the two nations concerned, because, after all, they have both had very hard knocks, both as regards the money they have lent and the places where they have lent it. The next thing I would like to emphasise—and this is a practical point—is how sensitive and vulnerable our exchange is to influences other than normal ones. When we went off the gold standard it was not really that any normal circumstances arose to cause us to do so; it was because of accumulating circumstances differing in character—our budgetary position, our balance of international payments, and reports (which were very often misleading) in foreign newspapers regarding our general conduct. That was really what caused us to go off the gold standard. Many of the things that Professor Gregory has been saying to you to-night, based on relative price levels, can be entirely upset by these sentimental and other influences of which we know. The real thing is that with consideration for the future we have to endeavour to realise the position, and have the courage and resolution to deal with it. In addition, there is speculation, which is a very important factor in our exchanges to-day. It is perhaps not strange that when trade is bad speculation is rife; everyone wants to make money by a little venture either on a race-course or on the Stock Exchange. And they are trying to make money now on the foreign exchange. Speculation, therefore, is a very important factor in the level of our exchange and that of other countries to-day, and I think that will have to be very carefully watched whatever happens with regard to our payments to the U.S.A. I agree that if we are going to pay—and that is for the Government to decide—it is much better, not only from this country's point of view, but also from that of America and France—indeed from the world point of view—it is much better to pay in gold than in anything else. To pay in any other form would be not only dangerous and difficult for this country, but harmful to international finance and international trade. If we are going to pay in gold—Professor Gregory did not say how we are to get the gold on December 15th, but that is a matter which I have no doubt can be suitably arranged. There is one other point I would like to deal with. The arrangements about the value of sterling and the relative price levels are very nice in their way, but this is a very thickly populated and highly industrialised country, which depends on foreign or external trade—whether it be foreign, or dominion, or colonial—for about five-sixths of its foodstuffs, and possibly nearly as much of its raw materials, and we cannot take the risks that other people take. With an almost self-supporting country it is a different story altogether. We are in a different position, and I think we must remember that it is possible that those countries that supply us with foodstuffs might gradually find some other markets if we were not able to pay their price owing to the depreciation of our currency. I should like, even though the Financial Secretary to the Treasury is present, to say that until we face the position, and adopt more radical reforms in our expenditure, the budgetary position of this country and the balance of our international payments will still weigh very much with the outlook for sterling.

Dr. W. H. COATES, LL.B.: First, I should like to add my tribute to the lucidity and directness of the address which Professor Gregory has given us. On the whole, I think he was somewhat pessimistic as to the outlook for sterling. If I remember correctly, some little time ago he wrote a memorandum for one of the Canadian banks, in which he dealt with various phases of the depression, and towards the end of it he said it was not so much a question of knowledge but a question of will to apply that knowledge. There are many economists and bankers who agree with him. It therefore surprised me a little that he did not say one or two words on what is proposed to be an instrument for applying the knowledge which exists in the world on these very difficult subjects, namely, the World Economic Conference. Many of you will remember that in the Annexe to the Lausanne Agreement it was stated that the object of this Conference would be to discuss many subjects, such as the level of prices, agreements between producers, tariffs, quotas, exchange restrictions, sound currency, and so forth. I venture to think that the outlook for sterling is bound up with whatever that Conference may recommend, assuming that the governments who concur in its recommendations do actually address their minds to carrying out the recommendations. So far as one may judge from Press announcements, not only in this country but elsewhere, I think there is at present a good deal of confusion in the minds of those who are responsible for directing high policies; at any rate it is difficult sometimes to see consistency in their views emerging in the results of actions which they inspire. Broadly speaking, the industrialist does not know what main lines of policy are inspiring actions, not only in this country but in the United States, in France and elsewhere on the Continent, so that he is very much in the dark in directing his own industrial activities. In the United States, for instance, as Professor Gregory has said, the Federal Reserve Bank has expanded the basis of credit very largely. The volume of Government securities has risen enormously. Week by week, during a certain period, one hundred million dollars worth of securities were bought; then it stopped, and we did not know why it was stopped—whether or not it was because the Bank's excess reserves had reached a certain figure. Now one does not know whether or when they are going to sell, or what their policy is. We are in a somewhat similar difficulty in this country. The Bank of England has increased its holding of gold and securities, but we do not know whether—and, if so, to what extent—that policy is going to be continued. It may have been directed solely to meet immediate needs, and when those needs are met the policy may be reversed. It will, I hope, be the function of the World Economic Conference to deal with these matters, and to harmonise many of the contradictory and disturbing influences which at present trouble the world. Another great difficulty which will have to be faced, and which cannot be dissociated from the outlook for sterling, is the enormous burden of debts. I do not refer only to the inter-governmental debts—war debts—but to the great burden of debt which is responsible for many of the present restrictions on international exchange. It is also an internal problem—especially in Australia, Canada and the United States. We do not know whether there is to be a policy of considered arrangements, or one of letting things work themselves out. All these questions must be elucidated, and they seem to me to be intimately tied up with the outlook for sterling.

Mr. WEBSTER: Is there not a very great difference between exchange and currency?

Professor GREGORY: Exchange, of course, really measures the value of one currency in terms of another.

But what Mr. Webster is probably thinking of is the difference between the purchasing power of currency in its own country as compared with another country. Of course there is a difference.

Mr. C. B. MARKS: Does Dr. Gregory advocate an increase in wages in order to accelerate trade generally, having regard to the fact that the banks at the present time are hoarding money? Could not that money be used in connection with Home trade by giving employment to a greater number of men? If the workers had more money to spend, it would mean that they would consume more, and manufacturers in this country would thereby have more work to give them.

Professor GREGORY: I think that question ought to be addressed to General Sir Arthur Maxwell. I cannot attempt to answer Mr. Marks in the short time that is available, for obviously a question of this sort goes down to the very fundamentals of economic policy. Let me try and summarise what I feel. He asks: do I believe it is desirable to raise the level of wages in order to encourage trade? I think if you are going to raise the level of wages by banking devices, you might as well be honest and inflate; and if you are going to inflate, it is much simpler to do that, not by attempting to raise the wages of those who are in employment at any particular time, but by having a good budgetary deficit. If I wanted to get people in this country employed through that particular mechanism, I would recommend the Government not to try and balance the Budget, but to go to the bankers of England and get what they needed in order to set the wheels going aright. Now, may I add a word or two? If you are going to try and inflate or "reflate"—if you are going to do these things, do not try and do it through wage policy. Let us also be perfectly clear about what the effects of it are going to be. Dr. Coates referred to an article of mine in the *Monthly Review* of the Royal Bank of Canada. Twelve or fourteen months ago, when everybody was on the Gold Standard and one had not these present difficulties to deal with, I was in favour of concerted action by the Central Banks of the world in the matter of finance. But I have since become very doubtful about that policy, merely because if the whole world, or a large part of it, is on paper, you cannot play about with a paper exchange and not run enormous risks. I quite agree that, from the immediate short-run point of view, you can get over your difficulties by means of inflation, but the real difficulty is to know when to stop. I have not really answered all Mr. Marks' point. Let me answer him directly. On the subject of wages, that is not the way to do it; and on the subject of reflation, try it if you like, but for heaven's sake let us know what we are doing.

Mr. E. CASSLETON ELLIOTT, in proposing a vote of thanks to Professor Gregory, said that he would look forward to reading the lecture in the *Journal*, and trying to understand something of it, because the subject was a vast one, and even Professor Gregory had disappointed them, for he had not told them what the outlook for sterling really was. (Laughter.) He had, however, delivered a lecture such as one would expect from a man of his calibre, and they were all very grateful to him.

Mr. THOMAS KEENS seconded the vote of thanks, and it was carried with acclamation.

Professor GREGORY, in returning thanks, said: May I just add one or two words with regard to the very kind comments of General Maxwell and Dr. Coates? I quite agree that they have raised a series of problems which I did not adumbrate in my address and which are of the highest significance. In reply to Dr. Coates, I can assure him that on my notes I had quite a lot to say about the conditions under which we should or should not return to the gold standard, and the World Economic Conference loomed rather large on my notes. But I refrained from going on beyond the usual limits of an hour. I have various ideas about the World Economic Conference, but I must frankly confess that my overwhelming thought at the moment is that I wish it was not going to take place. I agree with Dr. Coates as to the immense significance to us, to the United States and to other countries, of getting some arrangement of the fixed interest bearing debts of the world. What the world wants most at the present time is some machinery by which States can become bankrupt in a respectable fashion—(laughter)—some machinery, more flexible, less prejudiced, quicker then the present method by which States do not pay. The problem of the raw material countries to-day is so serious that I cannot imagine anything more useful than the invention of some machinery by which a State could with self-respect and dignity approach some tribunal to have its difficulties arranged. If the burden of international finance is ever again to be assumed, either by London or New York, we would be well advised to introduce something like a universal gold clause, or price index, in the arrangement we make with foreign countries. I quite agree that the problem of international debts is of great importance. General Maxwell, I think, added everything I ought to have added in my address. I agree that, in the short run, the position of the balance of payments in this country, and the position of the Budget, are likely to leave their mark on the course of sterling. I hesitated about introducing the balance of payments as an independent agency likely to affect the course of exchange; I preferred to deal with these things in terms of movements of goods and services rather than in terms of what I always consider the rather artificial thing: the balance of trade. I quite agree that the position of the Budget next year is of the utmost importance, and I view the American debt problem seriously, not so much because we cannot pay this time or next time, but because it leaves us with an intolerable tax burden to face. We know that the Bank of England is not going to impose any obstacle to what the Government of the day demands in the way of shipments of gold, but the question is—How are we going to adjust the increased debt charge which is involved by borrowing 30 million pounds from the Bank of England? Whether we are to do it by adding to the floating debt, or by settling it in next year's Budget, is, of course, a problem of immense significance. I do not know how it is going to be done; I leave that to my silent friend on my right (Mr. Hore-Belisha). But I would emphasise what General Maxwell has said about the importance of these particular problems. We have been in this respect a most unfortunate nation. We have done more than any other country in the world has done towards equilibrating its Budget and paying its debts, and what we have got for it has been kicks all round. The Continent does not believe we are honest about it, and America says: "This shows that you are in a position to pay more if you will only make up your mind to do it." It is one more illustration of the saying that it is dishonesty in finance rather than honesty in finance which pays a nation! I think I did emphasise, what General Maxwell did, that the course of exchange during the last twelve months has been very largely a psychological matter. Such things as price movements, under-valuation and over-valuation, seem very thin ghosts as compared with the solid reality of the foreigner being frightened of sterling. The economist must, however, hope that behind all this ebb and flow of sentiment and dilly-dallyings there are general laws which are capable of more or less precise statement. If you are going to understand a world situation of this kind you must be able to think of it in the wide and philosophic sense as well as in the sense in which the big banker thinks of it. When both economists and bankers are speaking the same language, then, I think, if this country is going to be saved from its financial troubles at all, it will be through the fact that at last economists have become sufficiently practical to understand what bankers say and bankers have become sufficiently theoretical to understand what the man at the other end of the telephone thinks. Let me again thank you for your very kind reception of me.

A vote of thanks to the Chairman, proposed by Mr. W. A. PEARMAN, seconded by Mr. A. S. ALLEN, and supported by Mr. HORE-BELISHA, M.P., was carried unanimously.

TOPICAL PROBLEMS IN LOCAL GOVERNMENT FINANCE.

The following are notes of a lecture delivered at Bridgend by Mr. F. J. Alban, C.B.E., F.S.A.A., to a joint meeting of the Incorporated Accountants' South Wales and Monmouthshire District Society, and the Swansea and South-West Wales District Society, jointly with members of the Chartered Institute of Secretaries. The chair was occupied by Mr. Norman E. Lamb, F.S.A.A., and there was a large attendance.

Mr. Alban affirmed that in view of the magnitude of present day national and local expenditure, and the reduced resources of the nation, it was obvious, in the words of the Report of the "May" Committee issued in July of 1931, "that a solution has to be found if democracy is not to suffer shipwreck on the hard rock of finance."

Economy in local government was bound to depend very largely upon the policy of the Government of the day. During the past ten years we had seen local authorities coerced by one Government into colossal expenditure on education, roads, &c., then slowed down by the following Administration, to be driven forward again by the next Government, whose successors forthwith reversed the policy, and so on! It could be plainly seen, despite its many virtues, that democratic government did not tend to stability and economy.

Although policy played so considerable a part, there was ample room in local affairs for the constant application by councillors of what might be termed the "will to economise." True economies could often be effected by departing from the spirit of the "parish pump," and by a willingness to regard the problems of local government from the standpoint of the population affected, and the best and most economical method of providing for their local government, rather than from the narrow point of view of the vested interests represented in the existing boundaries of local government areas—often arbitrarily fixed. Growths and developments of population should be capable of easy assimilation into the local government unit best fitted for their administration; it necessarily followed that (subject to proper safeguards) the finance of local government should be re-adjusted on such a basis that each local government area could administer the essential services without undue burden on its ratepayers.

"Regional" government for special services over wide areas—of which they had a notable and successful example in the Mid-Glamorgan Water Board—was, in the Lecturer's judgment, a valuable tendency in the direction of "long-term" economy.

Local government administration was often derided and criticised, but was nevertheless absolutely essential to the welfare of the population. The great work done for Birmingham by that pioneer of local government, the late Joseph Chamberlain, in the face of keen opposition was an object lesson of what could be achieved by judicious productive expenditure in the acquisition and development by the municipality of essential services, and the securing to the local public purse of the "betterment" resulting from the clearance of slum areas. Joseph Chamberlain was accused at the time of increasing the amount of non-productive debt. Events had proved that he was a good steward of the civic purse, and that he had made municipal reform the means of creating property for his city. The land bought by Chamberlain for the clearance of slums—and productively developed under leases granted by the Town Council—would twenty years hence become the absolute property of the Corporation, and would make Birmingham one of the richest municipalities in the kingdom.

Mr. Alban reviewed the various sources open to ratepayers to obtain information regarding their local finances, and mentioned that the valuable return of Rates Levied in South Wales Towns, prepared by Mr. R. A. Wetherall, the Borough Treasurer of Swansea, was being amplified in an endeavour to show the position resulting from the operation of the Local Government Act, 1929. This would increase the utility of the Return. He commented on the useful epitome published each year by the City Controller of Cardiff, Mr. John Allcock, in the *Western Mail*, in which the facts of city finance were made easily and conveniently available to every ratepayer.

As regards valuation for local rating, it was essential in the interests of reliable and comparable statistical data and (as a consequence) equity between ratepayer and ratepayer, that there should be uniformity not only between areas in the same *county*, but over the *country* as a whole, in view of the rateable value factor in the formula for the block grant under the Local Government Act, 1929.

Interesting tables were submitted showing the rate burden of the county in aggregate, and the particular burden of South Wales areas.

The disparity between the rates in South Wales and those in other parts of the country was largely accounted for by the fact that the income of the smaller South Wales areas as measured by the available rateable value per head of population was very low. As the same standard of efficiency was required from rich and poor areas alike in the carrying out of national services falling upon local rates (*e.g.*, education, public health, public assistance, roads, &c.), it followed that considerable disparities in the weight of the burden falling upon these diverse areas must arise.

It was for the accountants and secretaries to ascertain the real facts, and to determine impartially how far the rates burden was due to this unscientific and unfair adjustment of national burdens, and how far it arose from circumstances within the control of the local administrator. Let this distinction be achieved—and improved methods of ascertaining unit costs and accounting generally were being extensively developed and applied—and the path of the real economist would be facilitated.

A Commissioner from Whitehall enforcing the most stringent economies could not with a rateable value of £3 per head of population carry out a national education system for the same rate in the £ as an area having a rateable value of £10 per head. That was the essence of the South Wales problem—small resources to meet national services.

A re-arrangement of the cost of the national services falling upon local rates, such as public assistance and education, was long overdue. The case was amply recognised in the Report just issued by the Royal Commission on Unemployment Insurance; the Liverpool Corporation in June last had pressed upon the Government the equity of an equalisation of poor relief expenditure over the whole kingdom.

The Lecturer gave some interesting statistics with regard to the loan debt of local authorities, and explained the chief proposals contained in the Report issued recently by the Committee on Local Expenditure.

The best interests of local government would be served in the present lean times not by a hasty and ill-considered pruning and scrapping of parts of the local government machine, but by a standard of reasoned frugality, planning and foresight—and, as advised by the Minister of Health, a period of general "tidying up" in local government affairs.

The Society of Incorporated Accountants and Auditors.

RESULTS OF EXAMINATIONS, NOVEMBER, 1932.

Passed in Final.

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CLIFFE, NOEL, Clerk to Ernest Holbrook (Ernest Holbrook & Co.), 24-25, Western Mail Chambers, Cardiff. (*Second Prize and Second Certificate of Merit.*)

DENNING, ARTHUR, Clerk to Ware, Ward & Co., 21, Cathedral Yard, Exeter. (*Third Certificate of Merit.*)

DRUMMOND, JOSEPH MARNACH, Borough Accountant's Department, Municipal Buildings, Valpy Street, Reading. (*Fourth Certificate of Merit.*)

COWTAN, GLADYS LAURA, Clerk to Homersham & Co., 118, Baker Street, London, W.1. (*Fifth Certificate of Merit.*)

Alphabetical Order.

ANAND, OUDH NARAIN, B.A., Clerk to Walter E. Lambert & Co., 18, Charing Cross Road, London, W.C.2.

ASHILL, MAURICE COMBER, Clerk to William L. Flemington, 144, Acre Lane, Brixton, London, S.W.2.

BARLOW, SYDNEY, Audit Department, Co-operative Wholesale Society, Ltd., Corporation Street, Manchester.

BEARDSMORE, ERNEST FRANK, Clerk to Frank Cripwell (Corfield & Cripwell), 12, Cherry Street, Birmingham.

BEAUMONT, EDWARD, City Treasurer's Office, Municipal Buildings, Leeds.

BELL, THOMAS, Clerk to Percy F. Ward, 27, Mosley Street, Newcastle-upon-Tyne.

BENNETT, JAMES, Clerk to C. W. Legge (Clinch & Legge), Hurdis House, Broad Street, Seaford, Sussex.

BENNINGTON, NORMAN, Borough Treasurer's Department, Town Hall, Ealing, London, W.5.

BENTHAM, WALTER, Clerk to Bottomley & Smith, Halifax Permanent Chambers, Cavendish Street, Keighley.

BHAYA, PRIBHDAS HASSANAND, B.A., formerly Clerk to Fellows, Crabb & Co., 102, Wool Exchange, Coleman Street, London, E.C.2.

BIRDSALL, STANLEY SAMUEL, Clerk to Whitfield, Wilson, Couper & Co., Martin's Bank Chambers, Park Row, Leeds.

BISS, RICHARD WILLIAM HENRY, Borough Treasurer and Comptroller's Department, Municipal Chambers, Corn Street, Newport, Mon.

BLACK, NORMAN, Clerk to W. J. M. Stewart & Co., 75, High Street, Belfast.

BOFFEY, JAMES ROWLAND, Borough Accountant's Department, Municipal Buildings, Reigate.

BOWGEN, NELLIE ELIZABETH, Clerk to E. Watts & Co., 77, Chandos House, Palmer Street, Victoria Street, London, S.W.1.

BROWN, ALEC, Clerk to Bramwell Collinge (Collinge & Halstead), Fleet Street, Bury.

BROWN, CHARLES ANTHONY, City Treasurer's Office, Town Hall, Newcastle-upon-Tyne.

BRYANT, CYRIL HENRY, Clerk to H. H. Bobart (Bobart, Baskett & Co.), Salisbury Chambers, 65-66, Basinghall Street, London, E.C.2.

BUNTING, FRED, City Treasurer's Office, Exchange Buildings, Cheapside, Nottingham.

BURROW, KENNETH, Clerk to Cyril Wain, 7-8, Osborne Buildings, 91, Kirkgate, Bradford.

CHAKRAVARTY, ANNADA CHARAN, M.A., B.L., Clerk to Price, Waterhouse, Peat & Co., B4, Clive Buildings, Calcutta.

CHAPPELL, CHARLES IVOR SPENCER, A.C.A., Allandale, Knole Road, Bournemouth (formerly Clerk to A. S. Donald, Bournemouth).

CHUTER, GEORGE STEPHEN, Accountant's Department, Export Credits Guarantee Department, 9, Clements Lane, Lombard Street, London, E.C.4.

CLAMP, JOHN WILLIAM, District Audit Department, Ministry of Health, Roker, Billing Road, Northampton.

COLE, LEONARD ALFRED, Clerk to Black, Geoghegan & Till, Orient House, 21, Budge Row, London, E.C.4.

COWZER, EDWARD GAULT, Clerk to E. J. Dowdall & Shaw, 5, Donegall Square South, Belfast.

DARUVALA, JAL KHURSEDJI, B.A., formerly Clerk to K. S. Aiyar & Co., 65, Apollo Street, Bombay.

DAS, ROHINI KANTO, B.Sc., Clerk to James S. Fraser, 69, West Regent Street, Glasgow.

DAVIES, GEOFFREY, Clerk to Harmood Banner & Son, 24, North John Street, Liverpool.

DESHPANDE, ANANT VENKTESH, formerly Clerk to Dalal & Shah, 70, Medows Street, Fort, Bombay.

DOUGAN, DENNIS LESLIE, Clerk to Leslie D. Malpas, Upper Hinton Chambers, Bournemouth.

DUFTON, GLADYS, Clerk to J. Pearson & Son, 5, Godwin Street, Bradford.

EASTMAN, BARNET, Clerk to H. E. Harwood, 73 and 75, Albion Street, Leeds.

EASTON, DANIEL AUGUSTUS, Clerk to R. T. Warwick (W. T. Walton & Son), Marlow House, Lloyds Avenue, London, E.C.3.

EDWARDS, FRANK HUNTER, Clerk to R. M. Chapman (Donald H. Bates & Co.), 10, Cheapside, Hanley, Stoke-on-Trent.

ELLIOTT, HERBERT, District Audit Department, Ministry of Health, Halifax.

ESTRIN, MAURICE, Clerk to J. Pearson Griffiths, 10, Clarence Place, Docks, Cardiff.

FARRAR, JAMES PORRITT, Clerk to E. O. Mosley & Co., 8, Garden Street, Ramsbottom, Lancs.

FARROW, ARTHUR, Clerk to John Gordon & Co., 7, Bond Place, Leeds.

FETZER, LUDWIG GEORGE, Clerk to Wayte, Bednall & Co., 31, Albion Street, Hanley, Stoke-on-Trent.

FLINT, RALPH GORDON, Clerk to Larking, Larking & Whiting, Bridge Buildings, Wisbech.

FURNEAUX, LESLIE WILLIAM, Clerk to Weeks, Hillyard & Co., Weavers' Hall, 22, Basinghall Street, London, E.C.2.

GARDINER, FREDERICK LOUIS, Clerk to F. C. Gardiner & Co., Barclays Bank Chambers, Scarborough.

GAY, WILLIAM THOMAS, Clerk to T. Harold Platts (T. Harold Platts & Co.), 126, Colmore Row, Birmingham.

GOLLEY, ALFRED EDWARD, Finance Department, Surrey County Council, County Hall, Kingston-on-Thames.

GOULDER, GEORGE EDWARD, Clerk to S. J. Dudbridge & Sons, 8, Lansdown, Stroud, Glos.

GRIST, CHARLES GEORGE, Clerk to Alfred Laban, Son & Co., 25-27, Oxford Street, London, W.1.

GUYLER, SIDNEY ROBERT, Clerk to Cedric H. Bennett, High Holborn House, High Holborn, London, W.C.1.

HACKETT, GEORGE, Clerk to Alexander Hannah, 51, North John Street, Liverpool.

HANKINSON, ROLAND CORRY, Borough Treasurer's Department, Municipal Offices, Haslingden.

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HARLE, JOHN WALTER, Clerk to Bennett & Grainger, Portland House, 73, Basinghall Street, London, E.C.2.

HAWKINS, LESLIE WILLIAM, Clerk to Layton-Bennett, Chiene & Tait, 3, London Wall Buildings, London, E.C.2.

HEATHERILL, JOHN RICHARD, Clerk to Huie & Ramage, 21, Rutland Square, Edinburgh.

HESKETH, JAMES HENRY, Clerk to Robert Hollows, 33A, King Street, Wigan.

HEYWARD, LEONARD CHARLES, Clerk to S. E. Denning & Co., 20, Bedford Row, London, W.C.1.

HOFMANN, WALTER SIDNEY, Clerk to Herbert Townsend (Townsend, Watson & Stone), 16, Weston Park, Crouch End, London, N.8.

HOLMES, CECIL LAWRENCE, Clerk to Martin & Acock, Westminster Bank Chambers, 69, London Street, Norwich.

HUMPHREY, RONALD PERROTT, Clerk to A. M. Banks (George Gradon & Co.), 43, Gower Street, London, W.C.1.

HUMPHREY, WILLIAM CURTIS, Clerk to Jones, Robathan, Thompson & Co., 18, King Street, Carmarthen.

INGOLD, BERTRAM FREDERICK, Clerk to Baker & Co., Lillie House, London Road, Leicester.

INNES, ALEXANDER THOMAS, Clerk to E. M. Brodie (James M. Brodie & Co.), 73, Princes Street, Port Glasgow.

JACQUES, JOHN ROWLAND, Clerk to Harry Harris, 4, Middle Pavement, Nottingham.

JENKINS, RICHARD, Clerk to H. Slater (H. Slater & Son), Sussex House, Hobson Street, Cambridge.

KABRAJI, DOSABHOY HIRAJI, B.A., formerly Clerk to Sorab S. Engineer & Co., Morarbhoy Buildings, 45, Apollo Street, Fort, Bombay.

KENYON, FLETCHER, Clerk to F. T. Kenyon, Midland Bank Chambers, Penrith.

KEWISH, HAROLD, Clerk to Thomas Latham (Latham & Taylor), Martins Bank Chambers, Market Place, Wigan.

KNOX, EDWARD WELBURN, Clerk to R. H. Seeger, Empire House, 10, Piccadilly, Bradford.

LAWRANCE, HOWARD GEORGE, Clerk to R. H. Munro (R. H. Munro & Co.), 2, Thames House, Queen Street Place, London, E.C.4.

LEVACK, GEORGE DUNCAN, formerly Clerk to Edgar H. B. Butler, Midland Bank Chambers, 7, Broad Street, Worcester.

LEWIS, HENRY CHARLES MAPLE, Clerk to J. V. Couzens, 86, Fratton Road, Portsmouth.

LOCKETT, THOMAS LEESON, Accountant's Department, Mitcham Urban District Council, Council Offices, Mitcham, Surrey.

LUCAS, RONALD SAYWIN, Clerk to H. Moulder (Johnstone, Moulder & Co.), 13, Church Street, Kidderminster.

MCKENNA, EDWARD HAROLD, Clerk to Alfred Nixon (Alfred Nixon, Son & Turner), 31, Victoria Buildings, St. Mary's Gate, Manchester.

MANDVIWALLA, NARIMAN RUTTONJI, formerly Clerk to G. Robertson, Empire House, St. Martins-le-Grand, London, E.C.1.

MARSDEN, STANLEY, City Treasurer's Department, Town Hall, Sheffield.

MIDDLETON, WILLIAM JOSEPH, Clerk to Rawlins & Tennant, 102, Colmore Row, Birmingham.

MORRELL, ALBERT, Clerk to Charles L. Townend (Charles L. Townend & Co.), Permanent Chambers, Halifax, Yorks.

MORRELL, RONALD, Clerk to Carlill, Burkinshaw & Ferguson, 2, Parliament Street, Hull.

MOTHERSDALE, HAROLD, Borough Treasurer's Department, Town Hall, Wolverhampton.

MURRAY, WALTER RICHMOND, Clerk to Stockwell, Williamson & Co., 52, Brown Street, Manchester.

NEWMAN, HAROLD HAMBLIN, Clerk to A. Daniels, Bank Chambers, 57, Palmerston Road, Southsea.

PARKER, ALFRED WALTER, Borough Treasurer's Department, Town Hall, Eccles.

PARKER, EDWARD NOEL, Clerk to Albert E. Stringer (Rhodes, Stringer & Co.), 31, Manor Row, Bradford.

PARKER, HENRY STANLEY, Treasurer's Department, The Council House, Birmingham.

PATEL, RABINDRANATH AMBALAL, Clerk to A. France, (A. France & Co.), West Bar Chambers, Boar Lane, Leeds.

PEARCE, MORLEY FRANCIS, 9, John Street, Bristol, Practising Accountant.

PEARSON, JOHN LESLIE, Clerk to A. M. White (White & Crowe), Erskine Chambers, 15, Grainger Street West, Newcastle-upon-Tyne.

PHILLIPS, JAMES ROBERT, Clerk to C. Hewetson Nelson, Robson & Co., 48, Castle Street, Liverpool.

PORTER, ERNEST EDWARD, Clerk to Deloitte, Plender, Griffiths & Co., Bank Buildings, Temple Street, Swansea.

PRESTWICH, HAROLD JAMES, Clerk to James Todd & Co., 18, Birley Street, Blackpool.

REILLY, JOHN ARNOLD, Clerk to Muir & Addy, 7, Donegall Square West, Belfast.

RING, WENDOLIN CYRIL, Treasurer's Department, Willesden Urban District Council, Town Hall, Dyne Road, Kilburn, London, N.W.6.

ROBERTS, THOMAS BENNETT MOTTRAM, Clerk to Kay, Robson & Co., Melbourne House, Aldwych, London, W.C.2.

ROGERS, JOSHUA REDFORD, Clerk to Clare Catley, Smith's Chambers, 6, Westborough, Scarborough.

ROY, DHIRENDRA NATH GUHA, M.A., formerly Clerk to P. K. Ghosh & Co., Central Bank Buildings, 100, Clive Street, Calcutta.

SANDERS, THOMAS HERBERT, Clerk to P. O. James, 119, Midland Road, Wellingborough.

SCHISHKIN, VICTOR, Clerk to N. M. Clarke-Lens (Clarke Lens & Clarke Lens), 76, Newgate Street, London, E.C.1.

SEN GUPTA, BENOYENDRA PRASAD, B.Sc., Clerk to Fred. P. Barnes (Pix & Barnes), 24, Coleman Street, London, E.C.2.

SEN, SANTOSH KUMAR, formerly Clerk to M. Moustardier, 69, Downs Road, London, E.5.

SIMPSON, WILLIAM STUART, Clerk to William Clark & Stephens, 20, Westgate Chambers, Newport, Mon.

SIMS, JONATHAN, Clerk to Howard, Morris & Crocker, 102, Victoria Road North, Portsmouth.

SLATCHER, REGINALD NORMAN, Clerk to P. A. Moulton (C. A. Moulton & Co.), Yorkshire Buildings, Wood Street, Wakefield.

SLATER, PHILIP, Clerk to W. G. Lithgow, Bank Chambers, 413, Lord Street, Southport.

SMITH, ARTHUR HODGSON, Clerk to Lee & Greaves, 35, Bank Street, Bradford.

SMITH, CHARLES ALEC., Clerk to E. Harlow & Co., Grosvenor Chambers, 23, King Street, Nottingham.

SMITH, HAROLD ASKEW, Clerk to William Ashworth (Ashworth, Moulds & Co.), 7A, Yorkshire Street, Burnley.

FINAL—(*Continued*).

SQUIRES, JACK EDMUND, Clerk to H. Slater (H. Slater & Son), Sussex House, Hobson Street, Cambridge.

STANLEY, WILLIAM, Clerk to J. Cyril Page (J. Cyril Page & Co.), May Buildings, 51, North John Street, Liverpool.

SYER, WALTER REGINALD, Clerk to Cooper Brothers & Co., 14, George Street, Mansion House, London, E.C.4.

TAYLOR, WILLIAM DENNIS, Clerk to W. McIntosh Whyte (W. McIntosh Whyte & Co.), 11, Queen Victoria Street, London, E.C.4.

TIPPING, JOHN, Borough Treasurer's Department, Town Hall, Wallasey.

TOMLINSON, WILLIAM ARTHUR, Clerk to E. Ransom Harrison (Ransom Harrison & Lewis), National Provincial Bank Chambers, York Street, Sheffield.

TRAVERS, JAMES, Clerk to Dearden, Gilliat & Co., 79, Mosley Street, Manchester.

TURNER, PERCY, Clerk to Joseph Turner (Alfred Nixon, Son & Turner), 31, Victoria Buildings, St. Mary's Gate, Manchester.

UTTING, FREDERICK CHARLES, Clerk to Crook & Rossi, 34, Prince of Wales Road, Norwich.

VACHHA, HOMY JAMSHEDJI, B.A., Clerk to Wilson, Bigg & Co., Pomeroy House, 28A, Basinghall Street, London, E.C.2.

VARNEY, HAROLD OSWALD, Comptroller's Department, London County Council, County Hall, Westminster Bridge, London, S.E.1.

WADE, EDWIN JOHN, Clerk to D. H. Husband, Adelaide House, Adelaide Street, Docks, Cardiff.

WARREN, ERIC WILLIAM, Clerk to Leslie A. Tomlinson, Eldon Chambers, Wheeler Gate, Nottingham.

WEBB, EDWARD GEORGE NEWNAM, Clerk to Burnett, Burnett & Swayne, 4, Portland Street, Southampton.

WEBB, MAURICE WILLIAM, Clerk to John F. Hudson (MacIntyre, Hudson & Co.), 5, Arundel Street, London, W.C.2.

WEBSTER, FRANK, Clerk to James Moss (John W. Hirst & Co.), 28, Queen Street, Albert Square, Manchester.

WEST, DOROTHY NORAH, Clerk to Kilby & Fox, Drury Chambers, Northampton.

WHITE, RAPLH BERNARD, Clerk to J. Tindall Bunch, Imperial Buildings, Bridge Street, Walsall.

WILSON, PHILIP ARTHUR THOMAS, Clerk to Holman, Foxcroft & Jackson, 11, Queen Victoria Street, London, E.C.4.

WOODWARD, WILLIAM STANLEY, Clerk to Mellors, Basden & Co., Portland House, 73, Basinghall Street, London, E.C.2.

YEELES, ALAN ROBINSON, Clerk to A. M. White (White & Crowe), Erskine Chambers, 15, Grainger Street West, Newcastle-upon-Tyne.

YOUNG, FREDERICK BRIAN, formerly Clerk to W. & T. Hughes, 12, Frederick Street, Sunderland.

SUMMARY :—

5 *Candidates awarded Honours.*
128 *Candidates passed.*
133 *Candidates failed.*

266 Total.

Passed in Intermediate.

Order of Merit.

LANGTON, ARTHUR EDWARD, Clerk to W. W. Bigg (Wilson, Bigg & Co.), Pomeroy House, 28A, Basinghall Street, London, E.C.2. (*First Place Certificate. Disqualified for Prize by age limit.*)

ECCLES, GEORGE, County Treasurer's Department, Lancashire County Council, County Offices, Preston. (*Second Place Certificate.*)

GUNTON, HERBERT EWART, Borough Accountant's Office, Town Hall, Colchester. (*Third Place Certificate.*)

LAWRIE, ANGUS ALEXANDER, P.O. Kampi-ya-Moto, Kenya Colony, Practising Accountant. (*Fourth Place Certificate.*)

DEAKIN, JAMES, Deputy City Treasurer, Guildhall, Rochester. (*Fifth Place Certificate.*)

UREN, ERNEST CHARLES, Clerk to Edgar C. Condy (E. C. Condy & Co.), 15, Princess Square, Plymouth. (*Sixth Place Certificate.*)

FIELD, JOHN EDWARD, Clerk to Viney, Price & Goodyear, Empire House, St. Martins-le-Grand, London, E.C.1. (*Seventh Place Certificate.*)

SHAPLAND, WILLIAM ARTHUR, Clerk to E. Furnival Jones (Allan, Charlesworth & Co.), 4, Fenchurch Avenue, London, E.C.3. (*Eighth Place Certificate.*)

Alphabetical Order.

ABERNETHY, WILLIAM LESLIE, Borough Treasurer's Office, Darwen.

ADAMS, WILFRED GEORGE, Clerk to Cyril H. Temple (Temple, Gothard & Co.), 7 and 8, Norfolk Street, Strand, London, W.C.2.

ALLEN, JOHN CLARK, Clerk to F. Smith, United Kingdom Provident Building, 31-33, Princess Street, Manchester.

ALLISON, VICTOR, Clerk to William Sunderland (Lee & Mitchell), Craven Bank Chambers, Keighley.

AMBROSE, LLOYD WILLIAM, Clerk to Spain Brothers & Co., 45, London Wall, London, E.C.2.

ANDREWS, SIDNEY RICHARD GEORGE, Clerk to Mannington & Hubbard, 41, Havelock Road, Hastings.

ANGEL, DAVID LEWIS, Clerk to L. G. Mansfield (Duck, Mansfield & Co.), 63, Coleman Street, London, E.C.2.

BABB, WILFRID INGRAM, Clerk to Percy V. Wheeler (Harper, Kent & Wheeler), Tower Chambers, 30A, Pride Hill, Shrewsbury.

BAILEY, LIONEL STEPHEN, Clerk to C. A. Jakeman, 12, Stert Street, Abingdon.

BAINBRIDGE, WILLIAM, Clerk to W. M. Paul (Paul, Dowd & Co.), 43, Castle Street, Liverpool.

BAIRAMIAN, DICRAN DOUROS, Clerk to F. G. Jenkins (Woodington, Bubb & Co.), 64, West Smithfield, London, E.C.1.

BAIRD, ARTHUR, Clerk to Walter Baird (Walter Baird & Co.), District Bank Chambers, 1, Frodsham Street, Chester.

BALL, ALBERT EDWARD, Accountant, Ashton-in-Makerfield U.D.C., Council Offices, Ashton-in-Makerfield, Lancs.

BALMFORD, TOM, Clerk to Carter, Pattimore & Bostock, Union Bank Chambers, Market Place, Huddersfield.

BARRAND, RONALD ALFRED, Clerk to Larking & Larking, Invicta Chambers, Maidstone.

BATH, VINCENT, Clerk to G. R. Woollard & Co., 1, 2 and 3, Queen's Chambers, 5, John Dalton Street, Manchester.

BAXENDALE, JOSEPH DONALD, Clerk to James A. Hulme (Jas. A. Hulme & Co.), 88, Mosley Street, Manchester.

INTERMEDIATE—(*Continued*).

BAYLIFFE, JAMES LESLIE, Clerk to Thomas Norman Steel (T. N. Steel & Co.), Union Bank Chambers, Market Place, Huddersfield.

BEDDER, FRANK, Clerk to Frank Haynes (Frank Haynes & Co.), 16, New Street, Leicester.

BELL, HENRY PINKNEY, Clerk to W. S. Martin (Laverick, Walton & Co.), Midland Bank Chambers, St. Thomas Street, Sunderland.

BELLAMY, MAURICE VENN, Clerk to E. Howard Bosworth, Barclay Chambers, 17, Highcross Street, Leicester.

BHAVNAGRI, RATANJI NOWROJI, B.A., LL.B., formerly Clerk to Sorab S. Engineer & Co., Morarbhoy Buildings, 45, Apollo Street, Fort, Bombay.

BONE, ALBERT STANLEY, Accountant's Department, Metropolitan Water Board, 173, Rosebery Avenue, London, E.C.1.

BOYD, WILLIAM ROBERT, Clerk to H. E. A. Addy (Muir & Addy), 7, Donegall Square West, Belfast.

BREWSTER, SYDNEY PENTELOW, Clerk to W. H. Fox (Kilby & Fox), Drury Chambers, Market Square, Northampton.

BROCKBANK, ROBERT WILLIAM, Clerk to H. W. Green (James L. & F. S. Oliver), 18, Grainger Street West, Newcastle-upon-Tyne.

BROWN, ANDREW, Clerk to John Brown (John Brown & Co.), 23, Exchequer Street, Dublin.

BROWN, ROBERT BROUGHTON, Clerk to E. V. Williamson (E. V. Williamson & Co.), Greek Street Chambers, Greek Street, Leeds.

BRYSON, JOHN COWAN BIRRELL, Clerk to W. E. Fitzhugh (Fitzhugh, Tillett & Co.), Finsbury Pavement House, 120, Moorgate, London, E.C.2.

BULMAN, JOHN REGINALD HOWARD, Clerk to James Watson & Son, Lloyds Bank Chambers, Lowther Street, Carlisle.

BURNS, CLIFFORD GEORGE, Clerk to Clarke, Dovey & Co., 31, Queen Street, Cardiff.

BURSTOW, DENNIS CYRIL, Clerk to Mannington & Hubbard, 41, Havelock Road, Hastings.

BUSBY, GEORGE WILLIAM, Clerk to Carter, Clay & Lintott, 47, High Street, Aldershot.

BUTLER, FREDERICK JOHN, Clerk to H. Garner Pugh (Garner Pugh & Sinclair), Prudential Chambers, Bailey Street, Oswestry.

BUTLIN, LEO, Borough Treasurer's Department, Town Hall, Ashton-under-Lyne.

CANNAN, FRED, Clerk to Alfred E. Noon (Noon & Elsworth), 31, North John Street, Liverpool.

CARLEY, JAMES, Clerk to A. S. Darr (Darr, Rickard & Co.), 25, Finsbury Square, London, E.C.2.

CARTER, JAMES BURTON, Clerk to S. I. Wallis, 3, King John's Chambers, Bridlesmith Gate, Nottingham.

CAWLEY, HUGH NEILD, Clerk to Mellors, Basden & Co., Portland House, 73, Basinghall Street, London, E.C.2.

CHAPMAN, FRANK ERIC, Clerk to R. G. Acock (Martin & Acock), 69, London Street, Norwich.

CHAUDHURI, NARENDRA BIJAY, B.A., Clerk to C. A. Holliday (Holliday, Robertson & Co.), Empire House, St. Martins-le-Grand, London, E.C.1.

CHURCH, WINIFRED ANNIE, Clerk to Jackson, Pixley & Co., 58, Coleman Street, London, E.C.2.

CLOUGH, ALBERT GEORGE, Clerk to J. Paterson Brodie (J. Paterson Brodie & Son), Moor House, Moorland Road, Burslem, Stoke-on-Trent.

COGHILL, JOHN EARNSHAW, Clerk to Thomas Hayes (Thomas Hayes & Sons), 13, Greek Street, Leeds.

COLLINS, JAMES WILLIAM GANE, Clerk to E. Cassleton Elliott (Cassleton Elliott & Co.), 4 and 6, Throgmorton Avenue, London, E.C.2.

CONWAY, FRANK EDWARD KENNETH, Clerk to Sidney Foster (Sidney Foster & Sons), 2, Narrow Wine Street, Bristol.

COPPER, HAROLD PHILIP TULL, Clerk to A. E. Quaife & Johnson, 43, Mount Pleasant Road, Tunbridge Wells.

CORBY, LESLIE JAMES, Clerk to Sydney Lawrence (Herbert Pepper & Rudland), National Provincial Chambers, Park Street, Walsall.

COUCHE, RONALD MACKINNON, Clerk to Robert G. Morton & Son, 20, Saint Andrew Square, Edinburgh.

COX, SYDNEY WILSON, Clerk to Whitfield, Wilson, Couper & Co., Martins Bank Chambers, Park Row, Leeds.

COWENS, ALBERT JAMES, Clerk to J. Hammill, Bank Chambers, Hardshaw Street, St. Helens, Lancs.

CRASNER, LOUIS, Clerk to Hicks, Walters & Co., 15, George Street, Mansion House, London, E.C.4.

CRICK, KENNETH MAYNARD, Clerk to Sidney H. Clinch (Clinch & Legge), 119, Moorgate, London, E.C.2.

CRICK, MAURICE ARTHUR, Clerk to Freda G. Crick (Swallow, Crick & Co.), Milton House, 38, Cowgate, Peterborough.

CUCKOW, PHILLIP EDWARD, Audit Department, Co-operative Wholesale Society, Ltd., 130, Leman Street, London, E.1.

CUTLER, ALBERT, Clerk to Knox, Burbidge & Co., Hoole's Chambers, Bank Street, Sheffield.

DABOO, FREDOON RUSTOMJI, formerly Clerk to Navroz A. Davar & Co., Motlibai Wadia House, 118-120, Parsi Bazar Street, Fort, Bombay.

DANDEKER, GANESH MAHADEV, B.A., formerly Clerk to M. K. Dandeker & Co., 8, Sunkurama Chetti Street, Madras.

DAVIDSON, GEORGE SMITH, Clerk to A. Dunstan Adams, P.O. Box 612, Nairobi, Kenya Colony.

DAVIES, ALEX FERRIS, Clerk to F. H. Crouch (S. E. Denning & Co.), 20, Bedford Row, London, W.C.1.

DAVIES, EVAN, Audit Department, Co-operative Wholesale Society, Ltd., 116, St. Mary Street, Cardiff.

DAWES, HAROLD JOHN COOPER, Clerk to George W. Bull (Harry Day & Co.), 51, Foregate Street, Worcester.

DAWES, WILLIAM ARTHUR, Clerk to Frank Haynes (Frank Haynes & Co.), The Hollins, 16, New Street, Leicester.

DAWSON, NORMAN, Clerk to Armitage & Norton, Atlas Chambers, King Street, Leeds.

DAYKIN, JOSEPH, Clerk to Hubbart, Durose & Pain, 18, Low Pavement, Nottingham.

DINGLE, GEORGE ERIC, Clerk to J. Moffitt, City Treasurer, The Guildhall, Portsmouth.

DUNFORD, THOMAS GEORGE, Clerk to Downes, Munns & Co., 286, Salisbury House, London, E.C.2.

DUNSEATH, JOSEPH THOMAS, Clerk to Joseph W. Shepherd, 78, King Street, Manchester.

EAGLES, EDWIN BERNARD, Finance Department, Middlesex County Council, 10, Great George Street, Westminster, London, S.W.1.

FOLEY, PATRICK JOSEPH, B.Com., Clerk to A. J. Magennis (A. J. Magennis & Co.), 50, South Mall, Cork.

FOWLES, KENNETH FRANK, Clerk to William Fisk, Borough Accountant, Maidstone.

FOX, CHARLES HUGH VAUGHAN, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, Finsbury Circus, London, E.C.2.

FREE, LEONARD WILLIAM, Clerk to R. York Rickard (Darr, Rickard & Co.), 25, Finsbury Square, London, E.C.2.

INTERMEDIABE—(*Continued*(.

GALLANT, ROBERT GEORGE WILSON, Clerk to Chas. O. Nicholson & Co., 66, John Street, Sunderland.

GAMBLE, ERNEST JOHN, Clerk to W. Douglas Menzies (H. Menzies & Co.), Fife House, Fife Road, Kingston-on-Thames.

GARNER, RONALD, Clerk to W. T. Letts, 16, New Street, Leicester.

GARNER, WILLIAM ROUGHLEY, Clerk to Cyril Arnold (Cyril Arnold & Co.), 27, Bodfor Street, Rhyl.

GIBBS, WALTER JOHN, Accountant's Department, Metropolitan Water Board, 173, Rosebery Avenue, London, E.C.1.

GINSBERG, ISRAEL, Borough Treasurer's Department, Stepney Borough Council, Municipal Offices, Raine Street, Old Gravel Lane, London, E.1.

GOODYEAR, LEONARD, Clerk to Joseph Stephenson (Stephenson, Smart & Co.), Queen Street Chambers, Peterborough.

GOVETT, PHILIP HERBERT JOHN, Clerk to Edgar C. Condy (E. C. Condy & Co.), 15, Princess Square, Plymouth.

GRAHAM, DONALD JAMES, Clerk to A. V. Barnett (Barnett & Co.), 6, Holborn Viaduct, London, E.C.1.

GRIFFITHS, STANLEY NESBITT, Clerk to Chipchase, Wood & Co., Springstone House, Ossett.

GUNDRY, IVOR GEORGE, Clerk to A. H. Edwards (Edwards & Edwards), 22, High East Street, Dorchester.

HALSALL, GEORGE STEPHEN, Clerk to J. Moore, 16, Hogson Street, Southport.

HARDY, GORDON CHARLES JOHN, Clerk to Palmer, Haines, Inkson & Co., Guildhall Annexe, 23, King Street, Cheapside, London, E.C.2.

HARRIES, SYDNEY JAMES, Clerk to P. E. Robathan (Jones, Robathan, Thompson & Co.), Imperial Buildings, Mount Stuart Square, Docks, Cardiff.

HARRIS, PHILIP ELGAR, Clerk to Reginald L. Tayler (Reginald L. Tayler & Co.), Coventry House, South Place, London, E.C.2.

HARRISON, HAROLD SYDNEY RIGBEY, Clerk to C. Geoffrey Keys (Clement Keys & Son), 71, Temple Row, Birmingham.

HAWKER, RONALD, Clerk to Darke, Robson & Co., 146, Bishopsgate, London, E.C.2.

HAWKINS, JAMES EDWARD, Clerk to John Hopkins, 43, Castle Street, Liverpool.

HEATON, JAMES STANLEY, Clerk to Walter A. Heaton (Bottomley & Smith), Halifax Permanent Chambers, Cavendish Street, Keighley.

HENSHAW, ROBERT LOW, Clerk to Webb & Hall, 90, Deansgate, Manchester.

HERBERT, DUNSTAN ANTONY, Clerk to H. S. Baker & Co., 4, Broad Street Place, London, E.C.2.

HICKS, WALTER, Borough Treasurer's Department, Town Hall, Eccles.

HIRST, WILLIAM HENRY, Clerk to W. Clayton (Clayton & Potts), 4, South Parade, Leeds.

HOCKENHULL, GEORGE, Clerk to T. E. Williams (E. J. Williams & Co.), 30, North John Street, Liverpool.

HOLDSWORTH, HERBERT JAMES, Clerk to T. Hudson (W. Claridge & Co.), 53, Well Street, Bradford.

HOLLINGDALE, ALAN EDWARDS, Clerk to W. R. L. Jenkins (Hinton, Jenkins & Co.), 71, Bridge Street, Newport, Mon.

HOOPER, STANLEY HECTOR, Clerk to Mitchell & Bunting, 22, Lord Street, Liverpool.

HOUGH, PHILIP GORDON, Clerk to Fred. A. Fitton, Wilson, Smith & Martin, British Dominions House, 30, Cross Street, Manchester.

HOWARD, HARRY, National Insurance Audit Department, 2, Chard Road, St. Brideaux, Plymouth, Devon.

HUDSON, HAROLD, Clerk to Joseph Binns, Exchange Buildings, Mirfield.

HUGGINS, LEONARD WILLIAM, Clerk to H. G. Kingscott (Kingscott, Dix & Co.), 1, Barcom Street, Gloucester.

HUGHES, DAVID BEYNON IDWAL, Clerk to H. C. Howell (McEwan, Wallace, Howell & Co.), 56, Hamilton Square, Birkenhead.

HUGHES, RHODA ALEXANDRIA, Clerk to Harmood Banner & Son, 24, North John Street, Liverpool.

ILLINGWORTH, RICHARD ALBERT, Clerk to F. G. Jenkins (Woodington, Bubb & Co.), 5, Philpot Lane, London, E.C.3.

JACOBS, ALBERT JOSEPH, Clerk to Edgar Chambers 15-16, Westgate Chambers, Commercial Street Newport, Mon.

JALIL, MOHAMMAD ABDUL, B.Com., Clerk to B. P. Gharda (B. P. Gharda & Co.), 121, Esplanade Road, Fort, Bombay.

JALUNDHWALA, RAMANLAL CHHOTALAL, B.Com., formerly Clerk to Dalal & Shah, 49, Apollo Street, Fort, Bombay.

JEAL, FRANK WILLIAM, Clerk to G. E. Stringer (G. E. Stringer & Co.), 15-16, Thavies Inn, London, E.C.1.

JEFFERY, NORMAN CLARE, H.M. Inspector of Taxes, City 17th District, Somerset House, London, W.C.2.

JENKINS, MERVYN CRIBB, Clerk to Henry Edwards (Ashmole, Edwards & Goskar), Cornhill Chambers, Christina Street, Swansea.

JOHNSON, CYRIL WILLIAM, Clerk to D. Sirkin (Baker & Co.), Lillie House, London Road, Leicester.

JOHNSON, WILFRED THOMAS, Clerk to W. E. Warrington (Baker & Co.), Lillie House, London Road, Leicester.

JONES, JOHN TUNSTALL, Clerk to G. Ross (Clarke, Dovey & Co.), 31, Queen Street, Cardiff.

KAMAT, CHOLPADY MADHAVA, B.Com., formerly Clerk to S. B. Billimoria & Co., 113, Esplanade Road, Bombay.

KEELING, MAURICE GEORGE RATCLIFFE, Clerk to W. P. Keeling (Keeling & Co.), 67-69, Watling Street, London, E.C.2.

KEEN, JOHN CHARLES, Clerk to Kennedy, Crowley & Co., 4 and 5, Westmoreland Street, Dublin.

KENZIE, WILLIAM ALBERT, Clerk to Hill, Vellacott & Co., Finsbury Circus House, Blomfield Street, London, E.C.2.

KEYWORTH, JOHN MAX, Clerk to J. Owen Shepherd (Louis Nicholas & Co.), 19, Castle Street, Liverpool.

KIDD, CYRIL, Clerk to A. H. Middleton (Grundy, Middleton & Co.), 1, Brazennose Street, Manchester.

KIDD, ERNEST NATHANIEL CECIL, Clerk to H. Boyd (Atkinson & Boyd), 5, Bedford Street, Belfast.

LAWS, ERNEST EDWIN, Clerk to Arthur M. Hobbs (Arthur M. Hobbs & Co.), 64, Great Portland Street, London, W.1.

LEMAY, JOHN, Jnr., Clerk to Thomas E. Niven (Thomas Smith & Sons), National Bank Buildings, 135, Buchanan Street, Glasgow.

LEES, JAMES ALLAN, Clerk to Frank Harrop (Frank Harrop & Co.), 10, Norfolk Street, Manchester.

LLEWELYN, IVOR HICKS, Clerk to W. H. Charles, 3, Greenfield Villas, Murray Street, Llanelly.

LOFTHOUSE, MARK, Finance Department, Scunthorpe and Frodingham U.D.C., Council Offices, Scunthorpe, Lincs.

LUSH, WILLIAM VAWDREY, Clerk to J. V. Couzens, 86, Fratton Road, Portsmouth.

INTERMEDIATE—(*Continued*).

McALPINE, JOHN ALEXANDER, Clerk to Clark, Battams & Co., 3 and 4, Clement's Inn, London, W.C.2.

McBRIDE, ROBERT WILLIAM, Clerk to D. J. Boyd (Oughton, Boyd & Co.), 6, Arthur Street, Belfast.

MacGREGOR, GORDON MAX STEWART, Clerk to Viney, Price & Goodyear, Empire House, St. Martins-le-Grand, London, E.C.1.

McILVEEN, WILLIAM, Clerk to H. B. Brandon (H. B. Brandon & Co.), 7, Donegall Square West, Belfast.

McKECHNIE, KENNETH HUGH, Clerk to C. Percy Barrowcliff & Co., 55 and 57, Albert Road, Middlesbrough.

McKEE, LEWIS SHERRY, Clerk to John D. Thompson & Co., Scottish Provident Buildings, 7, Donegall Square West, Belfast.

McLACHLAN, EDWARD, Clerk to John Hopkins, 43, Castle Street, Liverpool.

McLEOD, CHARLES THOMAS, Borough Treasurer's Office, Town Hall, Wigan.

MAGIN, ARTHUR JOHN, Clerk to H. Epton Chapman (Slater, Chapman & Co.), Viaduct Chambers, 38, Holborn Viaduct, London, E.C.1.

MANKTELOW, DENIS STANLEY, Clerk to Chantrey, Button & Co., Africa House, Kingsway, London, W.C.2.

MANNIX, THOMAS LEO, formerly Clerk to Delany, McNeany & Co., 58, Dame Street, Dublin.

MARSH, WILLIAM EDWARD, Clerk to Stanley Marsh, Masonic Buildings, Hall Street, St. Helens.

MARTIN, EDWIN HENRY RIDGEWELL, Clerk to Barton, Mayhew & Co., Alderman's House, Bishopsgate, London, E.C.2.

MEHTA, PALANJI NUSWANJI, formerly Clerk to Batliboi & Purohit, Yusuf Building, Fort, Bombay.

MIDGLEY, CHARLIE, formerly Clerk to B. & E. Musgrave, 10, Piccadilly, Bradford.

MILLER, ANTHONY GARFORTH, Clerk to F. W. E. Morgan (Morgan Brothers & Co.), Capel House, 54, New Broad Street, London, E.C.2.

MILLER, JOHN MILLWARD, Clerk to Francis, Williams & Hollingdale, Burlington Chambers, 23, Union Street, Swansea.

MITCHELL, JAMES FRASER, Clerk to C. Hewetson Nelson, Robson & Co., 43, Castle Street, Liverpool.

MORFORD, RANSOM, Clerk to W. Keller Snow (Keller Snow & Co.), 55, Quarry Street, Guildford, Surrey.

MORRIS, DAVID HENRY, Clerk to H. C. Harrison, 94, High Street, Stourbridge.

MORTIMER, FREDERICK WILLIAM HUNTER, Clerk to Robert A. Plant, Midland Bank Chambers, Newdegate Street, Nuneaton.

MOULDING, FRANK LAWSON, Clerk to Joshua Wortley & Sons, Leader House, Surrey Street, Sheffield.

MOULE, FRANK CALEB RICHARDSON, Clerk to R. F. J. Ricks (F. Stokes & Ricks), Sherwood Buildings, Sherwood Street, Nottingham.

MUNDY, ISRAEL JUDAH, Clerk to Levy, Hyams & Co., 27, Chancery Lane, London, W.C.2.

MURPHY, ARTHUR, Clerk to Lawrie & Todd, Bank Offices, 3, Granby Street, Leicester.

MYERS, ELLIS ROBERTSHAW, Clerk to Harry D. Myers (Wm. Robertshaw & Myers), Barclays Bank Chambers, North Street, Keighley.

MYERSON, ALEXANDER, Law Association Buildings, 14, Cook Street, Liverpool, Practising Accountant.

NAYLOR, WALTER STUART, Clerk to George R. Lawson, Palmerston Buildings, 5, Manor Row, Bradford.

NEASON, HAROLD ALFRED, City Treasurer's Department, Council House, Coventry.

NEWALL, MARY MARGUERITE, Clerk to D. S. T. Pettitt (Pettitt & Son), Lloyds Bank Chambers, Bournemouth.

OLIVER, JOHN EDWARD, Clerk to C. M. Lomax (Lomax, Clements, Gladstone & Co.), 10-13, Newgate Street, London, E.C.1.

PADDOCK, JOHN WALTER, Clerk to Charles E. Dolby & Son, May Buildings, 51, North John Street, Liverpool.

PARTRIDGE, GEORGE EDWIN, Clerk to J. T. Sandland (F. Geen & Co.), Victoria Chambers, Liverpool Road, Stoke-on-Trent.

PEARSON, ALBERT, Clerk to Porter, Matthews & Marsden, 43, Preston New Road, Blackburn.

PIGGOTT, HENRY CHARTER, Clerk to Viney, Price & Goodyear, Empire House, St. Martins-le-Grand, London, E.C.1.

PIKE, WALTER JOHN, Borough Treasurer's Department, Stepney Borough Council, Municipal Offices, Raine Street, Old Gravel Lane, London, E.1.

PING, JOHN WILLIAM, Clerk to Cassleton Elliott & Co., 4 and 6, Throgmorton Avenue, London, E.C.2.

POSTWALA, NARI MERWANJI, B.Sc., formerly Clerk to Navroz A. Davar & Co., Motlibai Wadia House, 118-120 Parsi Bazar Street, Fort, Bombay.

POWELL, DENZIL KNIGHT, Clerk to W. D. Mill, 22, Queen Street, London, E.C.4.

POWELL, WILLIAM HINDLEY, Clerk to Alexander Hannah, 51, North John Street, Liverpool.

POWERS, GEORGE DUDLEY, Clerk to Painter, Mayne & Walker, 108, Cannon Street, London, E.C.4.

PRESSLER, GEORGE ALFRED, Clerk to Gray, Stainforth, Newton & Co., 31, Lombard Street, London, E.C.3.

RAILTON, COURTENEY HUGH, Clerk to R. Wilson Bartlett (Walter Hunter, Bartlett, Thomas & Co.), 24, Bridge Street, Newport, Mon.

RAO, AVASARALA SESHAGIRI, M.A., formerly Clerk to M. K. Dandeker & Co., Sunkar Villa, 8, Sankurama Chetty Street, Madras.

RAWLINSON, DAVID JOHN, Clerk to A. H. Middleton, (Grundy, Middleton & Co.), 1, Brazennose Street, Manchester.

REDFERN, WILLIAM, County Accountant's Department, Shire Hall, Durham.

REEVES, HAROLD VINCENT, Clerk to James A. Austin, 141, Nightingale Lane, London, S.W.12.

RENDALL, JAMES, Clerk to George Cobley & Co., 33, Henrietta Street, Covent Garden, London, W.C.2.

RIDING, WILLIAM SCOTT, Audit Department, Co-operative Wholesale Society, Ltd., Corporation Street, Manchester.

RIGBY, JOHN, Clerk to Litton, Pownall, Blakey & Higson, 42, Spring Gardens, Manchester.

RILEY, GEORGE FREDERICK, Clerk to Bowman, Grimshaw & Co., 10, Albert Street, Fleetwood.

RITCH, JOHN, Clerk to William M. McKenzie (Metcalf, McKenzie & Wood), 32, West Sunniside, Sunderland.

ROBERTS, JOHN OWEN, Clerk to J. Lloyd Roberts, 2, Church Street, Cærnarvon.

ROWLANDS, ELVET IRVING, Clerk to R. G. Crockett (Stephenson, Smart & Co.), 8, Lion Street, Brecon.

ROY, AMIYA MOHON, B.Sc., Clerk to Robertson & Co., Empire House, St. Martins-le-Grand, London, E.C.1

SANDERSON, THOMAS WILLIAM, Clerk to C. T. Jessap, Old Post Office Chambers, Skegness, Lincs.

SAVAGE, JOHN NEWALL, Clerk to E. J. Williams (E. J. Williams & Co.), Exchange Buildings, 14, Lowther Street, Carlisle.

INTERMEDIATE—(*Continued*).

SCALES, STUART SHANKLAND, Clerk to John Watson, County Accountant, County Council of Cumberland, The Courts, Carlisle.

SCANLAN, LAURENCE (E. J. Kehily & Co.), 62, Dame Street, Dublin, Practising Accountant.

SCHOLEY, HENRY ST. JOHN, Clerk to R. Horsfield, 8, Peter Street, Manchester.

SCOTT, ROBERT DUNLOP IRWIN, Clerk to C. F. Baxter (Hodge & Baxter), National Provincial Chambers, High Street, Kettering.

SENIOR, PERCY LODGE, Clerk to W. D. Burlinson & Co., Union Bank Chambers, Batley.

SHAH, CHANDULAL VANECHAND, Clerk to N. J. Shah (Dalal & Shah), 49, Apollo Street, Fort, Bombay.

SHEPHERD, NORMAN ALAN, Clerk to C. T. Stephens (William Clark & Stephens), 20, Westgate Chambers, Newport, Mon.

SHEPHERD, PHILIP ROTHWELL, Clerk to Sydney E. Smith, (Hoale, Smith & Field), 4, Broad Street Place, London, E.C.2.

SIMMONDS, ANTHONY CECIL, Clerk to Alexander J. Monro (Wheeler, Monro & Campbell Brodie), 5, King Street, Covent Garden, London, W.C.2.

SLADE, NORMAN WILLEY, Treasurer's Department, West Riding County Council, County Hall, Wakefield.

SMAILES, FREDERICK CARRUTHERS, Clerk to F. P. Leach (F. P. Leach & Co.), Tontine Buildings, Colston Avenue, Bristol.

SMITH, DONALD ALFRED, Clerk to Gray, Stainforth, Newton & Co., 31, Lombard Street, London, E.C.3.

SMITH, WILFRED JAMES, Clerk to William L. Flemington, 144, Acre Lane, Brixton, London, S.W.2.

SNAPE, HARRY, Clerk to Edward Miller, Haworth's Buildings, 5, Cross Street, Manchester.

SOCHALL, JACK, Clerk to Isaac Bartfield, 91, Cookridge Street, Leeds.

SOMERFIELD, LESLIE HUBERT, Clerk to Ralph H. Bridgwater (R. H. Bridgwater & Co.), 3, New Street, Birmingham.

SPORLE, WALTER GEOFFREY, Clerk to Joseph Turner (Alfred Nixon, Son & Turner), 31, Victoria Buildings, Manchester.

STURGEON, ALBERT JOSEPH, Clerk to Blakemore, Elgar & Co., 9, King's Bench Walk, Temple, London, E.C.4.

TALATI, BEJONJI BURJORJI, B.Com., formerly Clerk to S. R. Batliboi & Co., 1B, Old Post Office Street, Calcutta.

TAN, KOK SWEE, Clerk to Walter E. Lambert (Walter E. Lambert & Co.), 18, Charing Cross Road, London, W.C.2.

TARRANT, GEOFFREY ERNEST NOËL, Clerk to Clark, Battams & Co., 3 and 4, Clement's Inn, London, W.C.2.

TAYLOR, RONALD LAPSLEY, Clerk to Charles M. Dolby (Charles E. Dolby & Son), May Buildings, 51, North John Street, Liverpool.

THAYER, SIDNEY THOMAS ELLIS, Clerk to E. S. Hare (Solomon Hare & Co.), 6, St. Stephen's Avenue, Bristol.

THOMAS, HAROLD ERNEST, Clerk to Hubert Cashmore (Holmes-White, Herbert & Co.), 476, Barking Road, Plaistow, London, E.13.

THOMPSON, JAMES, Clerk to C. Percy Barrowcliff (C. Percy Barrowcliff & Co.), 55-57, Albert Road, Middlesbrough.

THOMSON, JOHN ROBB, Clerk to William Webster, Arbuthnot House, Peterhead.

TIDMARSH, FREDERICK JOHN TURNER (Gregory, Tidmarsh & Co.), 39, Balls Pond Road, Dalston, London, N.1, Practising Accountant.

TORGERSEN, THEODOR FRANK, Clerk to Rawlings & Wilkinson, 55, John Street, Sunderland.

TUNE, ALFRED CHARLES, Clerk to E. S. H. Brooke-Smith (Brooke-Smith, Burridge & Co.), London and Lancashire Building, 44, Corn Street, Bristol.

TURNER, DAVID GEORGE ASHLEY, Clerk to Owen Stallwood, 26, Martin Lane, Cannon Street, London, E.C.4.

VARTAK, KESHAV MAHADEV, B.Com., formerly Clerk to Sorab S. Engineer & Co., Morarbhoy Buildings, 45, Apollo Street, Fort, Bombay.

WAGSTAFF, FRANK GORDON, Clerk to Stanley Kent (Harper, Kent & Wheeler), Tower Chambers, 30A, Pride Hill, Shrewsbury.

WAINWRIGHT, WILLIAM GEORGE, Clerk to G. O. Boundy, De Montford Chambers, Taunton.

WALTON, JOHN WILLIAM, Clerk to T. G. Green, 37, Sadler Street, Durham.

WARD, LESLIE ALBERT, Clerk to A. W. MacGowan (T. F. Grundy, MacGowan & Co.), 2, Broad Street Place, London, E.C.2.

WIDDICOMBE, SAMUEL HERBERT, Clerk to Nevill, Hovey, Smith & Co., 9, Market Street, Newton Abbot.

WIGHTMAN, JOHN WILLIAM, Clerk to Lawrence Jordan (Keens, Shay, Keens & Co.), High Street, Stony Stratford, Bucks.

WORDEN, FRANK EDWIN GEORGE, Clerk to Edgar C. Condy (E. C. Condy & Co.), 15, Princess Square, Plymouth.

WORDINGHAM, MADELINE, Clerk to F. L. Rouse (F. L. Rouse & Co.), 2, New Court, Lincoln's Inn, London, W.C.2.

WOOD, EDWARD LAWRENCE MERVYN, Clerk to Harold Wood (John Wood & Son), 179, Dock Street, Newport, Mon.

WRAGG, JOHN, Clerk to Henry J. Allen, Whiteley's Chambers, 37, Surrey Street, Sheffield.

WRAGG, LEONARD EDWARD, Clerk to W. Norman Bubb (Woodington, Bubb & Co.), 5, Philpot Lane, London, E.C.3.

ZOLONDZ, EMANUEL ISAAC, Clerk to P. J. Goodchild (Goodchild & Halpern), 19, London Wall, London, E.C.2.

SUMMARY :—

8 *Candidates awarded Honours.*
229 *Candidates passed.*
204 *Candidates failed.*

441 Total.

Passed in Preliminary.

Order of Merit.

RIPLEY, STANLEY GEORGE, 50, Devonshire Road, London, S.E.10. (*First Place Certificate.*)

CONN, WILLIAM ALFORD, 78, Ravenhill Park, Belfast. (*Second Place Certificate.*)

Alphabetical Order.

ALLEN, FRANK DUNCAN, 24, Turks Road, Radcliffe, Lancs.

ANDERSON, ROBERT HUGH, "Oakleigh," Alexandra Park, Holywood, Co. Down.

ASHWORTH, CHARLES FREDERICK, 67, Courtfield Gardens, London, S.W.5.

BANKS, JAMES PRESCOTT, 95, Southport Road, Ormskirk, Lancs.

PRELIMINARY—(*Continued*).

BARKER, ALBERT KNIGHTON, 136, Park Road, Barnsley.

BARNFATHER, EDWARD HARRISON, 144, Victoria Avenue, Hull.

BARROWCLOUGH, CLIFFORD FEARGUS, 21, Croft Terrace, Hopton, Mirfield, Yorks.

BASS, ALBERT EDWARD, 126, Roding Road, Clapton Park, London, E.5.

BATT, JOHN GRANVILLE POTTINGER, 43, Oakhill Road, Nether Edge, Sheffield.

BERRY, WILLIAM, "Redcliffe," Warley Road, North Shore, Blackpool.

BODSWORTH, CHARLES WALTER, 168, Carr Road, Sheffield.

BOND, ALBERT LESLIE FREDERICK, 202, Dagenham Avenue, Dagenham, Essex.

BRAMHALL, JOSEPH, 667, St. Helens Road, Bolton.

BRETT, PATRICK BERNARD, 71, Avenue Road, Southend-on-Sea, Essex.

BRISCOE, KEVIN, 47, Cherryfield Avenue, Clonskeagh, Dublin.

BROWN, HERBERT LOUIS, 63, Dalmeny Road, Carshalton.

BROWN, JOHN MCCANCE, 4, Princess Gardens, Donaghadee, Co. Down.

BULLEN, LESLIE MALCOME, 21, Mill Lane, Wallasey. Cheshire.

CAMPBELL, JOHN SHAW, Enfield, Dromara, Co. Down.

COOPER, NOEL, 210, De-la-pole Avenue, Hull.

COX, CECIL JACK, 39, Cowbridge Road, Brynsadler, Pontyclun, Glam.

CRAIG, JAMES WILLIAMS, 2, Haypark Avenue, Ormeau Road, Belfast.

DARBYSHIRE, THOMAS HERBERT, 30, Harold Terrace, Burley, Leeds.

DAVIS, LEONARD WILLIAM, 97, White Horse Hill, West Chislehurst, Kent.

DIMMOCK, WILLIAM, 33, Wortley Place, Hemsworth, near Pontefract, Yorks.

DOUGLASS, RAYMOND, "High Cliffe," 93, Gillshill Road, Hull.

DYKE, JOHN, 21, Brook Street, Belle Vue, Shrewsbury.

EVANS, KENNETH CHARLES GEORGE, 21, Elgam Avenue, Blaenavon, Mon.

FIELD, LLEWELLYN CUTHBERT, 28, Dawlish Road, London, E.10.

FLEMING, WILLIAM RAMSAY, 25, Ravenhill Avenue, Belfast.

FORSTER, JOSEPH ISAAC, 64, Church Road, Harrington, Cumberland.

FUNNELL, RICHARD CAPEL, 9, Nibthwaite Road, Harrow.

GRANDIN, GEORGE, 3, Vincent Street, Openshaw, Manchester.

GRIER, JAMES CRAIGIE, 42, Beresford Avenue, Hull.

HALE, RONALD JAMES, 18, Fernlea Road, Seaforth, near Liverpool.

HALL, WILLIAM THOMAS, 48, Castleford Road, Sparkhill, Birmingham.

HARRISON, FRANCIS ALEXANDER, 21, Braemar Avenue, Thornton Heath, Surrey.

HEAP, JACK EMBLEY, 8, Church Street, Heywood, Lancs.

HERMAN, RUDOLPH GUY, 2, Marylands Road, London, W.9.

HEWITT, FRED, Glenmore Villa, Dibdale Street, Dudley. Worcs.

HICKLING, WILLIAM ARTHUR, 140, Hilton Road, Westdale Lane, Nottingham.

HOBBINS, THOMAS WILLIAM, 56, Patrick Street, Grimsby.

HOOTON, RICHARD CHARLES, 107, Rock Street, Pitsmoor, Sheffield.

HOYLE, HENRY NUTTALL, 259, Ainsworth Road, Elton, Bury.

HYLAND, ARTHUR, 18, Henrietta Street, Old Trafford, Manchester.

JACKSON, FRANK PRICE, 36, Nevilledale Terrace, Durham.

JACKSON, SAMUEL JAMES, 631, Lisburn Road, Belfast.

JENKIN, PERCY GEORGE PHILIPS, 32, Elmshaw Road, Roehampton, London, S.W.15.

JUDGE, DONALD PERCY, 22, Bridge Street, Rothwell, Northants.

KENT, VICTOR ALFRED DOUGLAS, 10, Rye Hill Park, Peckham Rye, London, S.E.15.

KERNAGHAN, FREDERICK LIVINGSTONE, "Holmwood," Windermere Gardens, Belfast.

KIMBERLEY, REGINALD CLIFFORD, Crag Bank Nurseries, Carnforth, Lancs.

LOGAN, JOHN, 140, Beech Hall Road, Highams Park, Chingford, Essex.

MCALINNEY, PATRICK ANDREW, Lammy House, Omagh, Co. Tyrone.

MCGOVERN, PATRICK, 60, Old Park Road, Belfast.

MAPLESDEN, JACK CHARLES, Woburn House, Upper Woburn Place, London, W.C.1.

MARCH, PETER SHIRLEY, "Hadley," Baden Road, Leicester.

MEGGITT, TOM ROY, 101, Burnley Road, Ainsdale, Southport.

MEGORAN, ARTHUR WINSTON DALE, "Cademuir," Swinburne Road, Eaglescliffe, Co. Durham.

MOORHOUSE, ERIC BROOKE, Tolcarne, Bradway, Sheffield.

MORLEY, WALTER, 233, St. Vincent Street, South Shields.

MUNSON, JAMES ARTHUR, 2, Chelsham Road, London, S.W.4.

ORMROD, HAROLD JOHNSTONE, 47, St. Peter's Road, Swinton, near Manchester.

PARKHILL, NORMAN STEVENSON, 25, Groomsport Street, Belfast.

PERLZWEIG, M., 6, Denning Road, Hampstead, London, N.W.3.

POUYANNE, CECIL, 21, Oxhey Avenue, Oxhey, Watford, Herts.

RAY, ALFRED GEORGE, 77, Sugden Road, Clapham Common, London, S.W.11.

REDFORD, FRANK STANLEY, 46, Conduit Street, Leicester.

ROBINSON, BEN ERIC, 179, Walmersley Road, Bury, Lancs.

ROGERS, ROBERT JOHN, 95, Park Street, Cleethorpes, Lincs.

RUDD, LAMBERT, 65, Bamford Street, Chadderton, Oldham.

SAYER, RICHARD KENNETH, 14, Harpers Road, Newhaven, Sussex.

SCOTT, BERTRAM ALLEN, 13, Mount Avenue, Hemsworth, near Pontefract.

SCOTT, FRANK WILLIAM, 61, Bostall Lane, Abbey Wood, London, S.E.2.

SHARP, ARTHUR CECIL, 8, Patrick Street, Grimsby, Lincs.

SMITH, GUY GEORGE RUSSEL, 54, Leinster Square, The Connaught Hotel, London, W.2.

STANLEY, KENNETH RAVENSCROFT, 301, Deepdale Road, Preston.

STANTON, FRANK ROE, "The Cottage," 245, Newbold Road, Chesterfield.

PRELIMINARY—(*Continued*).

STEELE, ALFRED ARTHUR GORDON, 66, Coldcotes Avenue, Harehills, Leeds.

THOMAS, WILLIAM OWEN TREVOR, "Summerville Cottage," Hill Top Road, Latchford West, Warrington.

WAGNER, CARL FREDERICK, 37, Birch Lane, Longsight, Manchester.

WALKER, BERTRAM WELLS, Hollywood, Yarm-on-Tees, Yorks.

WARWICK, HAROLD JOSEPH DALZELL, 21, Wellington Row, Whitehaven, Cumberland.

WHITTAKER, CECIL GEORGE, "Valpré," Stonehouse Road, Sutton Coldfield.

WILLIAMS, ARTHUR HILLYARD, 21, Cardigan Drive, Cliftonville, Belfast.

WILLIAMS, PHILIP DAVID, 51, Nutfield Road, Leicester.

WINTER, EDWARD RONALD, Holy Trinity Vicarage, Northampton.

WOLKIND, LEONARD, 36, Sidney Street, Stepney, London, E.1.

WOODHEAD, FRANK, 4, Laburnum Road, Farnworth, Lancs.

SUMMARY :—

2 *Candidates awarded Honours.*
89 *Candidates passed.*
64 *Candidates failed.*

155 Total.

CITY OF LONDON COLLEGE.

Distribution of Awards.

The eighty-fourth annual meeting of the City of London College was held at the Guildhall on December 14th, 1932, when the yearly distribution of awards was made. The chair was taken by the Lord Mayor, and later in the proceedings by Alderman Sir George Truscott, and amongst those present were Viscount Burnham, G.C.M.G., Lord Eustace Percy, M.P., Mr. E. Cassleton Elliott (President of the Society of Incorporated Accountants and Auditors) and General Sir Arthur Maxwell, K.C.B. (President of the Institute of Bankers).

Lord Burnham delivered an address, in which he referred to a tendency towards "the clericalisation of society," which he said was not confined to any one country. Having in mind this tendency, he considered it was necessary to correlate means to ends, and at the same time to maintain a high standard of practical efficiency in all departments of commerce, finance and industry. At the conclusion of the address, Lord Burnham presented the awards.

Dame Beatrix Lyall, J.P., proposed a vote of thanks to Lord Burnham for his address. The resolution was seconded by Lord Eustace Percy, M.P., who is a member of the governing body of the College, and carried by acclamation. Dame Lyall referred to the distinguished services Lord Burnham had rendered to the country and to the Empire in so many ways, not least in his service to education. Lord Burnham briefly responded.

Sir Lulham Pound (Chairman of the governing body of the College) moved a resolution thanking the Lord Mayor and Alderman Sir George Truscott for their kindness in taking the chair, and the Corporation of the City of London for granting the use of the Guildhall. The resolution was seconded by Mr. E. Cassleton Elliott, F.S.A.A. (a member of the governing body of the College), and was briefly acknowledged by Sir George Truscott on behalf of the Lord Mayor and himself.

Reviews.

Incorporated Students' Telephone. *November, 1932. By H. Foulks Lynch & Co. London : H.F.L. (Publishers), Limited, 19, Fenchurch Street, E.C.3. (84 pp. Price 2s. 6d. net, by post 2s. 8d.)*

Candidates who presented themselves at the recent examinations of the Society of Incorporated Accountants and Auditors will be interested to see this publication in order to compare their own efforts with the answers given by experts. The booklet contains the questions set in the Intermediate and Final examinations, with the answers thereto, the questions being shown in larger type for convenience of distinction. The answers are provided by the directors and tutors of Messrs. H. Foulks Lynch and Co., and may therefore be regarded as reliable.

Bankruptcy Law in the British Empire. *Published by the Federation of Chambers of Commerce of the British Empire. London : 97, Cannon Street, E.C.4. (264 pp. Price 10s. 6d. net.)*

This publication embodies the report of a special committee of the Federation of Chambers of Commerce of the British Empire. The Committee was appointed to investigate the position of Bankruptcy Law in the various units of the Empire and to make recommendations as to the principles which should govern Empire legislation on the subject. Part I sets forth in five groups the nature of the Law of Bankruptcy which is at present in operation in each, namely, Group A, those having no Bankruptcy Law ; Group B, those having an immature form of law ; Group C, those whose law accords closely with the English law ; Group D, those whose law is practically identical with the existing law of England ; and Group E, those whose law differs in some basic principles from the law of England. Part II gives a digest of Empire bankruptcy laws arranged alphabetically according to countries, and takes the form of answers to a questionnaire. This has the effect of supplying information in a more easily accessible form than any general description of the law would convey, and anyone desiring to ascertain particulars of the bankruptcy law now in force in any particular Dominion or Colony will find the necessary information conveniently classified and condensed.

Principles of Bankruptcy and Deeds of Arrangement. *By Harold Potter, Terence Adams, Barrister-at-Law, and Augustus W. Dickson, Solicitor. London : Butterworth and Co. (Publishers), Limited, Bell Yard, Temple Bar. (482 pp. Price 12s. 6d.)*

The authors of this work have summarised in convenient form the main features of the law relating to Bankruptcy and Deeds of Arrangement, commencing with an introduction setting forth the elementary principles of bankruptcy legislation. The first chapter deals with Deeds of Arrangement and the rest of the book is devoted to Bankruptcy. As far as possible the procedure is described in the order in which it will normally occur, starting with the proceedings leading up to the Receiving Order and Adjudication, and thereafter the appointment and powers and duties of the Trustee and Committee of Inspection, the management of the bankrupt's property, the steps to be taken in dealing with proofs of debts, the order of payment of debts, and the declaration of dividends. The object aimed at has been to state what is most important or essential and to set forth the reasons upon which the fundamental principles depend. In this connection extracts from judgments have been given in many cases.

The Law and Practice relating to Incorporated Building Societies. *By C. P. Best, B.A., LL.B. London : Sir Isaac Pitman & Sons, Limited, Parker Street, Kingsway, W.C.2. (454 pp. Price 12s. 6d. net.)*

The value of this work is vouched for by Sir G. S. Robertson, K.C., the Chief Registrar of Friendly Societies,

who, in a brief foreword, expresses his appreciation and states that the author has not been content to set out more or less mechanically the statutory provisions and reported cases relating to his subject, but that he has wrestled successfully with many points where the law is obscure in itself and others where it has been made more obscure by legal decisions. Mr. Best first describes the constitution and status of building societies, and then proceeds to deal with their internal administration and the rights and liabilities of members, following this with chapters on the decision of disputes and the termination and winding up of a society. The appendix contains statutes and regulations appertaining to building societies, together with model rules of a permanent building society and the arrangements with the Inland Revenue respecting Income Tax, including the new arrangement recently substituted for what was previously known as Arrangement B. Altogether Mr. Best has produced a very complete handbook on building societies and their operations.

An Introduction to the Practice of Foreign Exchange. *By H. E. Evitt, Fellow of the Institute of Bankers. London: Sir Isaac Pitman & Sons, Limited, Parker Street, Kingsway, W.C.2.* (102 *pp. Price* 3*s.* 6*d. net.*)

Mr. Evitt can safely be regarded as a reliable authority on foreign exchange as he is a lecturer on the subject and a triple honours man of the Institute of Bankers. The book is a practical one which will convey to its reader a clear idea of the way in which foreign exchange is actually carried on. Theoretical definitions and axioms being first disposed of, the author proceeds to explain the use of instruments of credit and the meaning of the various terms used in relation to drafts and bills; also the principles of dealing in exchanges with the various technical terms used in relation thereto. Explanations are also given as to the methods of calculating rates of exchange and the meaning of the terms applied to designate the different classes of exchange rates, numerous examples being given to show how the calculations are worked out. The collection and negotiation of bills is fully described and the method of carrying out exchange dealings, including examples of "arbitrage" and "cross rates."

Good Investing. *By K. Adlard Coles, M.A., A.C.A. London: Jordan & Sons, Limited, Chancery Lane, W.C.2.* (84 *pp. Price* 2*s.* 6*d. net.*)

This little book gives some useful information on the subject of the selection of investments and the particular investments which are most suitable for different purposes. The book is obviously intended for the general reader rather than for the professional man, as to a large extent it deals with matters which are common knowledge amongst accountants. It is simply and clearly written, and provides a useful guide to those who are not well-versed in matters relating to Stocks and Shares.

The Death Duties. *By Raymond W. Needham, K.C. London: Gee & Co. (Publishers), Limited, 6-8, Kirby Street, London, E.C.1.* (38 *pp. Price* 3*s.* 6*d. net.*)

A useful history of the initiation and development of the Death Duties is embodied in this little book which is in substance the reproduction of a lecture delivered by the author to the City of London Solicitors Company. It forms a good background to the acquisition of a more extensive knowledge of the subject which is not by any means an easy one to grasp.

Power Economy in the Factory. *By J. C. Todman, London: Sir Isaac Pitman & Sons, Limited, Parker Street, Kingsway, W.C.* (216 *pp. Price* 7*s.* 6*d. net.*)

The task which the author has undertaken is to describe the economies which may be effected by careful and competent management, and the scope of the book may be gathered from the subjects discussed, which embody magnetism and electricity, furnaces, boiler house measuring instruments, electrical generators, the control of electric energy, power distribution, compressed air and hydraulic power. The text is illustrated by diagrams, and Mr. Todman displays an intimate knowledge of the different methods of power production and transmission.

Correspondence.

INTEREST AND TRADING LOSSES.

To the Editors *Incorporated Accountants' Journal.*

SIRS,—With reference to the paragraphs relating to annual interest, on page 64 of the *Incorporated Accountants' Journal*, December issue, attention might be called to sect. 33, Finance Act, 1926, and sect. 19, Finance Act, 1928, the effect of which appears to be that an assessment under Rule 21 in respect of interest paid wholly and exclusively for the purposes of a trade, profession or vocation may be treated as though it were a loss, and relief will be allowed in computing liability to tax in respect of profits or gains for the six years following the year of assessment.

Sect. 19, Finance Act, 1932, further extends the period for carrying forward losses (this appears to include annual interest under sect. 19, Finance Act, 1928) when the set-off cannot be given owing to an allowance in those years of deductions for wear and tear of machinery and plant.

I presume that the reference to sect. 4 of the Income Tax Act, 1918, should read sect. 34. Would you be good enough also to state under what section or regulation the change in procedure arises which is stated to date from August 17th, 1932?

Yours faithfully,
G. E. MARTIN.

London, *December*, 1932.

[The procedure referred to in the last paragraph arose through an instruction issued on August 17th, 1932, by the Board of Inland Revenue to Inspectors of Taxes. It was not made available to the public. Section 4 should have read "Section 34."—EDS., *I.A.J.*]

TAXATION OF GROUND RENTS.

To the Editors *Incorporated Accountants' Journal.*

SIRS,—Can you refer us to any case decided on this question? Clients of ours, who are builders, buy freehold land, build on it, and sell the houses subject to a ground rent. As soon as possible, they sell the ground rents and pay tax on any profit.

The Inspector of Taxes is pressing them now to capitalise such unsold ground rents every year, and pay tax on a hypothetical figure.

For any assistance or advice you can give us, we shall be obliged.

Thanking you in anticipation,
We are,
Yours faithfully,
ALFRED SHANKLAND & SON.

Cardiff, *December*, 1932.

[The Inland Revenue claim to assess the capitalised value of ground rents in the circumstances referred to whether they have been sold or not, but the position is not altogether free from doubt and there do not appear to be any decided cases dealing directly with the subject.—EDS., *I.A.J.*]

DIVIDENDS IN A WINDING-UP.

Income or Capital for Income Tax Purposes.

The following is the full judgment of Mr. Justice Greenberg, of the Transvaal Provincial Division of the Supreme Court of South Africa in the case of *Sir Abe Bailey* v. *The Commissioners of Inland Revenue*. The general effect of the judgment was recorded in our Professional Notes last month.

HIS LORDSHIP said: This is a case stated under sect. 60 of Act 40 of 1925, by the Special Court for hearing Income Tax appeals, and relates to "Liquidation Dividends" received by the appellant in the liquidation of three companies, viz, Bryanston (Proprietary) Limited, Phœnix Gold Mines Limited, and Ceylon Lydenburg Limited, during the tax years ended June 30th, 1929, and June 30th, 1930. These amounts were shown in the returns made by the appellant for either or both of the years in question, but were not dealt with in the assessment as taxable income. (See sect. 2 (3), 2 (4), 2 (5) and 2 (6) of the Stated Case.) Subsequent to the issue of these assessments and in or about July, 1931, the Commissioner issued an assessment for normal tax and an additional assessment for super tax for the years of assessment ended June 30th, 1929, and June 30th, 1930, in which he included in the taxable income of the appellant the amounts above mentioned.

To the assessments and additional assessments referred to in the foregoing paragraph the appellant objected on the following grounds:—

(*a*) That the amounts in respect of which the said assessments were being levied had already been assessed to tax under the provision of the Act and were therefore not liable to any further or additional assessments.

(*b*) That the amounts in question being liquidation dividends received in the liquidation of the Bryanston (Proprietary) Limited, in liquidation, are exempt from tax and were therefore not taxable in any event in the hands of the appellant.

At the hearing before the Special Court the Commissioner agreed that the objection under (*b*) should be taken to include the case of the Phœnix Gold Mines Limited, and the Ceylon Lydenburg Limited. At such hearing it was contended on behalf of the appellant:—

(1) That the amounts in question were considered and excluded as being non-taxable income in the original determination of a loss ranking for set-off. That they were therefore "assessed to tax" within the meaning of sect. 45 of Act 40 of 1925, and that that assessment became "final and conclusive" in terms of sect. 56 (5) of the said Act. That the Commissioner was therefore not entitled to raise the additional assessments in question in terms of sect. 45 of the said Act.

(2) That the amounts in question being dividends in the liquidation of companies were assets of these companies distributed to the appellant and as such were received by the appellant as an accrual of a capital nature and not as income.

The Commissioner contended:—

(1) (*a*) That the amounts in question were excluded from consideration in the original assessment and have not therefore been assessed to tax within the meaning of sect. 45 of Act 40 of 1925.

(*b*) That the said section empowers the Commissioner at any time to review assessments.

(2) That the amounts in question, although liquidation dividends, were received by the appellant as gains made by an operation of business in carrying out a scheme of profit making, and were therefore income.

The Special Court on a number of grounds, which need not be set out in detail, upheld the assessment made by the Commissioner, and at the request of the appellant stated certain questions of law for the determination of this Court. It will be sufficient at present to refer to the following questions, viz:—

6. (1) Whether liquidation dividends in the hands of a shareholder are income within the meaning of sect. 7 of Act 40 of 1925, or whether they are a receipt of a capital nature?

(2) Whether liquidation dividends in the hands of the appellant can in law be profits of his business in dealing in shares?

(3) Whether there was any evidence upon which the Special Court could find that the amount received by the appellant in the liquidation of Bryanston (Proprietary) Limited, and/or Ceylon Lydenburg Limited, and/or Phœnix Gold Mines Limited, were received by him as part of his business of dealing in shares?

(5) Whether on the facts admitted or proved, the Commissioner could raise additional assessments under sect. 45 of Act 40 of 1925, upon the amounts in question, or whether these amounts had previously been assessed to tax?

(9) To what extent, if any, the Special Court could uphold the additional assessments raised by the Commissioner?

I shall deal first with 6 (1), 6 (2), 6 (3), and 6 (9) in relation to the dividends received from Bryanston (Proprietary) Limited. The facts in connection with this transaction are set out in sect. 2 (11) of the Stated Case, and it is unnecessary for me to re-state them. The contention advanced on behalf of the appellant is that these amounts being dividends in the liquidation of companies were assets of those companies distributed to the appellant, and as such were received by the appellant as an accrual of a capital nature and not as income.

Under sect. 7 (1) of Act 40 of 1925, "gross income" includes all receipts and accruals other than those of a capital nature. In *Crowe* v. *Commissioner for Inland Revenue* (1930, A.D., 122), Wessels (J.A.), says (at page 135): "Whatever moneys come into the coffers of a taxpayer are to be regarded *prima facie* as gross income, but it is open to the taxpayer to show that any particular sum is to be regarded as of a capital nature." This was in the course of a dissenting judgment, but Stratford (J.A.), with whose judgment the majority of the Court concurred, says (at page 131): "But it may be said that if the sum was received by or accrued to the appellant, it must, by the definition, be income unless it is shown to be "capital" or of a "capital nature." On the actual form the transaction took we must regard it as being "a receipt or accrual" so far as the appellant is concerned, but then it was, in my judgment, a return of capital on a re-sale of something which the appellant bought," and I think this agrees with the passage quoted from the dissenting judgment. Sect. 57 of the Act casts the burden of proving exemption or non-liability on the taxpayer.

In the present case the dividends are amounts of cash received by the taxpayer and must be regarded as income unless they are shown to fall within the category of capital. It is argued on appellant's behalf that *prima facie*

liquidation dividends are a capital accrual. In the case of *Inland Revenue Commissioner* v. *Burrell* (1924, 2 K.B., 52), which was invoked in support of this argument, it was held that on liquidation of a company the Crown was not entitled to levy super tax on that portion of the liquidation dividends which represented undistributed profits, whether accumulated during past years or during the year when liquidation supervened. The companies concerned each owned one ship, and carried on the business of shipowners. Each of the companies had gone into liquidation in conformity with its Articles of Association, when its ship was sold or lost. The *ratio decidendi* is that on liquidation there is no power of declaring dividends or of separating capital and profit, and all that the liquidator has to do is to convert the assets into money and divide this money among the shareholders ; it was held that " for the shareholder profits have ceased to be profits and have become irrevocably merged in the total sum of assets and should not be treated for taxation as part of the annual profits or gains " (per Atkin (L.J.), at page 68). In this case, however, it is clear that there was originally a capital investment by the shareholder, for the purpose of producing income, and the conversion of this investment into cash was clearly a return of capital, in which the undistributed profits were held to be included.

In the present case the facts are entirely different. The appellant, who expected to receive profits from the H.M. Association, formed the company with a capital of £7,750, with the object of avoiding the incidence of tax on those profits when they materialised. He did not invest capital in the company with the intention that it should carry on business in terms of its Memorandum of Association. He sold his rights in the H.M. Association to the company for £7,750 (the same amount as the interest had cost him), subscribed the entire capital of the company, set off the amount of his debt for this subscription against the purchase price of his interest, and three days after the registration of the company it was " unanimously " resolved to wind up the company. What the transaction amounted to was that he transferred his right to receive profits from the H.M. Association to the company which by virtue of his shareholding was bound to return those profits to him when received. It may be difficult (it certainly is to me) to label this transaction in terms of economics. If in fact the transfer from appellant of his interest in the H.M. Association can be disregarded for the reasons arrived at by the Special Court and set out in sect. 5 (2) (*a*), (*b*) and (*c*) of the Stated Case, then there is no difficulty in looking upon the receipt as a profit accurately so called, although there may be other difficulties such as the form of assessment levied by the Commissioner. But I am proceeding on the assumption that the company had a valid legal existence and that the rights sold to it by appellant were properly vested in it, and the difficulty arises out of this assumption. But whatever be its true label I can find no warrant for thinking that the transaction represents an investment of capital or a return of capital. If this is right, then, as the liquidation dividends were receipts or accruals, they are taxable as income. It is unnecessary to consider whether the ground on which I base the liability falls within the terms of the question set out in sect. 6 (3) of the Stated Case, as it is covered by sect. 6 (1) and (9). It may, however, be that it is not covered by the contention advanced by the Commissioner before the Special Court as set out in sect. 4 (2) of the Stated Case. In my opinion this is of no consequence ; if these amounts are subject to the tax which the Commissioner by his assessment has sought to levy, I do not think the liability is affected by the fact that the Commissioner used an argument in support of his assessment which does not appeal to me.

The liquidation dividends from the Phœnix Gold Mines Limited have also been treated as income by the Commissioner. The company was placed in liquidation on October 8th, 1929, and the amount in question was received by the appellant on February 28th, 1930. The appellant acquired shares in the company at various times between May 28th, 1909, and April 2nd, 1929. The appellant describes himself as a " financier," which, according to the evidence incorporated in the Stated Case, includes the business of dealing in shares. The schedules referred to in sect. 2 (1) (*a*) of the Stated Case show share dealings by the appellant during the years 1928-1930 and show large numbers of shares brought up as stock. Both in the 1928 and 1929 returns the shares in this company are included amongst those brought up as stock, and according to sect. 2 (2) of the Stated Case, " for the year ended June 30th, 1928, appellant's return of gross income included a liquidation dividend received in respect of the Orange Grove Estates Limited, and the loss on that transaction was taken into account in the determination of the taxable income declared to by appellant." It also appears from the evidence that in the years for which appellant has rendered returns, he has disclosed share dealing accounts which have been taken into account for the purpose of determining his taxable income (*e.g.*, a loss in 1928 of £10,689 on Daggafonteins). In view of these facts I think that these liquidation dividends have rightly been taxed as income. They are receipts and the onus is on the taxpayer to show why they should not be taxed. In a large number of cases a purchase of shares in a company which continues in existence for twenty years after the purchase may be shown to be a capital investment ; in certain cases, *e.g.*, where the taxpayer is a person whose business does not include the buying and selling of shares for profit, the Commissioner may rightly assume that such a purchase is a capital investment, but in view of the facts mentioned in the present case I do not think it can be said that the appellant has discharged the onus resting on him by the mere proof that he held the shares for a long period. It would have been a simple matter for him, had such been the case, to have given evidence that the shares were bought as an investment. I am therefore of opinion that the decision of the Special Court was right on this point. I have dealt with the point as if it were a question of law. If it is a question of fact, viz : whether the transaction was part of appellant's business of buying and selling shares, then, as there is evidence on which the Special Court could come to this conclusion, it cannot be attacked.

The position in regard to the Ceylon Lydenburg Limited, is weaker from the Commissioner's point of view. This company was placed in liquidation on February 5th, 1929. On May 17th, 1929, appellant received from the liquidation the sum of £2,842 5s. 7d. He acquired shares in the company at various times between July 29th, 1909, and December 31st, 1922. These shares were not included as stock, as in the case of the Phœnix Gold Mines Limited, and were first included in appellant's 1929 returns, where they figure as a liquidation dividend and not as portion of a share dealing account. Notwithstanding this difference from the Phœnix Gold Mines, Limited, I think the position is the same, and that the dividends were rightly included as income.

In regard to the question set out in sect. 6 (5) of the Stated Case, Mr. Barry, on behalf of the appellant, contends that as the amounts in issue in these proceedings had been taken into consideration in the determination of the amounts upon which the appellant was taxed for the

years of assessment 1929 and 1930, these amounts cannot now be the subject of tax under the provisions of paragraph 45 (1) of the Act.

He replies in support of this contention on paragraph 56 (5), which reads: "where no objections are made to any assessment, or where objections have been allowed or withdrawn, such assessment or altered or reduced assessment, as the case may be, shall, subject to the right of appeal hereinafter provided, be final and conclusive," and on the cases of *Kahn* v. *Commissioner for Inland Revenue* (E.D.L., 326), and *Dungarshi* v. *Commissioner for Inland Revenue* (1927, T.P.D., 125), where Tindall (J.), approved of the judgment of Gane (A.J.) in *Kahn's* case, and held that the finality of assessment referred to in paragraph 82 (5) of Act 41 of 1917, a section similar in wording to paragraph 56 (5), is intended to operate against both the taxpayer and the Commissioner.

I shall assume for the purposes of this case that these amounts were considered in arriving at the amounts upon which the tax leviable was chargeable. See definition of "assessment" paragraph 72.

The introduction of paragraph 45 (1) into Act 40 of 1925 has, however, modified the effect of the decision in *Dungarshi's* case (*supra*), in so far as the Commissioner is concerned; nor do I think that an admission that these amounts were considered in arriving at the amounts on which the appellant was assessed to tax in 1929 and 1930 would destroy the effect of paragraph 45 (1). The section reads as follows: "If at any time the Commissioner is satisfied that any amounts that should have been subject to tax have not been assessed to tax either under this Act or any previous Income Tax Act of the Union, he shall raise assessments in respect of such amounts, notwithstanding that assessments may have been made upon the person concerned in respect of the year or years of assessment in respect of which the amounts in question are assessable."

It is clear that these amounts did not figure in the "taxable amount" which in terms of paragraph 7 (2) is the amount upon which the tax to be paid by any person shall be calculated.

The taxable amount is arrived at by three stages:—

(1) From the gross income of the taxpayer is deducted any amounts exempt from normal tax, and what is left is called income.

(2) From income is deducted the expenditure incurred in producing the income, leaving what is called taxable income (Section 11).

(3) The taxable amount is arrived at by deducting from the taxable income any abatements allowed under paragraph 14.

The amounts in question were specifically exempted at the gross income stage.

Now paragraph 45 (1) speaks of "amounts which should have been subject to tax" which have "not been assessed to tax." These amounts were never assessed to tax. On this simple ground, therefore, I am of the opinion that the Commissioner is entitled to invoke the aid of paragraph 45 (1) in seeking to tax them.

The fact that either the Commissioner or his deputies have mistakenly exempted these amounts from tax in the original assessments cannot now bar the State from exacting its just meed of revenue. See *Commissioner for Inland Revenue* v. *Gluckman* (April 8th, 1921, T.P.D., not reported).

It remains to apply the conclusions arrived at to the questions of law required to be determined. The points I have discussed, in relation to Bryanston (Proprietary) Limited, fall under questions 6 (1), and 6 (9) and the answer is that these dividends are income and that the Special Court was right in upholding the assessment raised by the Commissioner. The dividends in the Phœnix Gold Mines Limited, and Ceylon Lydenburg Limited, fall under questions 6 (1), 6 (2) and 6 (9); these dividends are income and are profits of appellant's business of dealing in shares, and the Special Court was right in upholding the assessment raised by the Commissioner.

In regard to question 6 (5) the answer is that the Commissioner was entitled to raise the additional assessments. As these answers cover the whole question of liability to tax, it is unnecessary to deal with the other questions. The appellant must pay the costs.

SOLICITORS BILL.

The following is the text of a Bill introduced into the House of Commons on behalf of the Law Society by Mr. Roy Bird for the purpose of amending the law relating to solicitors by providing for the making and enforcement of rules as to the keeping of accounts for clients' moneys and other matters of professional conduct.

COUNCIL TO MAKE RULES.

1.—(1) The Council of the Law Society, with the concurrence of the Master of the Rolls, shall make rules for the professional practice, conduct and discipline of solicitors.

(2) Such rules shall include, *inter alia*, provisions:—

(*a*) As to the opening and keeping by solicitors of accounts at banks for clients' moneys; and

(*b*) As to the keeping by solicitors of accounts containing particulars and information as to moneys received, held or paid by them, for or on account of their clients;

(*c*) Empowering the Council of the Law Society to take such action as may be necessary to enable the Council to ascertain whether or not the rules are being observed and complied with.

FAILURE TO COMPLY WITH RULES.

2.—(1) If any solicitor fails or neglects to observe or comply with any of the rules made in pursuance of sect. 1 of this Act, any person may make a complaint in respect of any such failure or neglect to the disciplinary committee.

(2) Any complaint made under sub-sect. (1) of this section shall be made, heard and determined in the manner provided by the rules made under sect. 6 of the Solicitors Act, 1932, so far as they are applicable, as if such complaint were an application under sect. 5 of that Act.

(3) On the hearing of any such complaint the disciplinary committee shall have power, in addition to or in substitution for the exercise by them of the powers contained in sub-sect. (2) of sect. 5 of the Solicitors Act, 1932, to impose upon the solicitor complained of a penalty not exceeding £500.

(4) Any penalty imposed or recoverable under this section shall be paid to the Law Society and credited to the general funds of the society.

DISCRETION OF REGISTRAR TO REFUSE CERTIFICATE.

3. Sect. 38 of the Solicitors Act, 1932 (which gives a discretion to the Registrar of Solicitors to refuse to issue certificates in special cases) shall, in addition to the cases mentioned therein, apply to the case where a solicitor applies for a certificate to practise without having paid any penalty which shall have been imposed upon him,

or any costs ordered to be paid by him under sect. 2 of this Act or under sect. 5 of the Solicitors Act, 1932.

INTERPRETATION.

4. In this Act—

The expression "solicitor" means solicitor of the Supreme Court of Judicature in England;

The expression "the disciplinary committee" means the committee constituted under sect. 4 of the Solicitors Act, 1932.

SHORT TITLE, COLLECTIVE TITLE, COMMENCEMENT AND EXTENT.

5.—(1) This Act may be cited as the Solicitors Act, 1933.

(2) The Solicitors Act, 1932, and this Act may be cited together as the Solicitors Acts, 1932 to 1933.

(3) This Act shall come into operation on the first day of January, 1934.

(4) The provisions of this Act shall not extend to Scotland or to Northern Ireland.

Changes and Removals.

Messrs. Bundred & Collier announce a change of address to Northern Assurance Buildings, Albert Square, Manchester.

Mr. V. P. Choudhary, B.A., B.Com., Incorporated Accountant, and Mr. P. Brahmayya, B.A., Incorporated Accountant, have commenced public practice at 121, Armenian Street, Madras, under the firm name of Choudhary & Brahmayya.

Mr. Charles Hanson, Incorporated Accountant, has removed his office to Room 2, First Floor, 31, New Bedford Road, Luton.

Messrs. Ernest T. Kerr & Co., 3, Newhall Street, Birmingham, announce that they have taken into partnership Mr. Herbert J. Dodds, Incorporated Accountant, and Mr. Edward Lord, Chartered Accountant. The style of the firm will remain unchanged.

Messrs. Rawlinson, Allen & White, Incorporated Accountants, 2, Donegall Square East, Belfast, announce that they have admitted to partnership Mr. Alexander Allen, Incorporated Accountant, who has hitherto been associated with the firm as one of their senior assistants.

Obituary.

FREDERICK JOHN BURNETT.

We regret to announce the death of Mr. Frederick John Burnett, F.S.A.A., of the firm of J. J. Burnett & Sons, Southampton, who had been a member of the Society since 1886. Mr. Burnett, who was 67 years of age, became a member of the Committee of the South of England District Society on its formation in 1909, and retained his seat until 1921. His death occurred suddenly at the beginning of last month.

Society of Incorporated Accountants and Auditors.

Examinations.

Members and prospective candidates are reminded that the next examinations will be held on May 1st, 2nd, 3rd and 4th, 1933. The last date for receiving applications for the May, 1933, examinations is Tuesday, March 28th, 1933.

The Economic War.

A LECTURE delivered before the Incorporated Accountants' Students' Society of London and District by

Mr. S. W. ALEXANDER,
City Editor, "Daily Express."

The chair was occupied by Mr. E. CASSLETON ELLIOTT, President of the Society of Incorporated Accountants and Auditors.

Mr. ALEXANDER said: Before I proceed I should like to make it quite clear that the views I express are my own personal views.

The title of this lecture is "The Economic War."

There are many aspects of the economic war.

First there is the internal economic war, which is the normal strife between industries and groups. Second, there is the economic battle between the nations.

To-day I think we are at a very interesting stage in our internal economic war. We are also at a very interesting stage in the world economic war. I will deal first with the internal economic war.

It is the distortion, or perhaps absence of equilibrium, between the various factors in these situations which are to-day causing so much discontent and depression in the world.

Some economists tell us that we are suffering from over-production of commodities. Others tell us that we are suffering from under-consumption. Neither of these, I think, is strictly true. We are suffering from the absence of free play, and, accordingly, free adjustment and rapid adjustment There are some bankers who tell us that the solution of our problems is to raise the world level of prices. On that, of course, there are other opinions. The principle feature of the internal economic war is, I think, that between man and the machine. This feature in the position was accentuated and precipitated by the war of 1914.

It began in the eighteenth century. It has been developing for well over a hundred years. We read of the men who attempted and succeeded in some instances in destroying the early textile machines. They believed that the machines would deprive them of their livelihood. This may have been true temporarily as it may be true to-day. But in the long run these machines helped to increase the national wealth and the standard of living of the working classes not only in this country but throughout the world. Then we had the growth of the organisation of labour. Unions were formed. Some unions had leaders who were more vigorous than others, and they were able, by the use of the strike weapon, in some instances to force employers to give their members larger money payments. Those payments came out of the common pool of money, much of which originated in the profits on the development of British trade throughout the world. In good times the movement had its useful aspects, and it has still immense power for good.

The strength of the unions became so great that long before the War of 1914 they had turned what was a normal and natural development in machinery into an intensive development. As higher wages were demanded, so the employer found it necessary to invent a machine which would do the work of men cheaper and more rapidly. Now the position has arisen where the output of the machines is so great that at least thirty million men are out of employment in the United States and Europe, the money invested in the machines is vanishing, and vast schemes of amalgamation and combination have crashed

to the ground, or are trembling in the balance. I need only mention by way of illustration two enormous instances such as Kreuger & Toll and the Insull catastrophies.

What is the way out of this problem? It is no use our regarding it as a world problem because we have no power to compel other nations to take steps which we might think are desirable and which they would probably think very undesirable. For instance, we hear an immense amount of discussion to the effect that Great Britain should work for a universal five-day week and five-hour day. Men are saying: "Now that we have these wonderful machines we should be able to do all the work we want to do in five hours on five days." That suggestion, however, raises a multitude of other considerations. We would have to consider such questions as what constitutes true human happiness. What I consider happiness, what you consider happiness, and what, say, the Patagonians consider happiness are probably vastly different. We should have to consider questions of climate and customs and racial characteristics, and the relative values of the same commodities in one country and in another.

As I have said, it is impossible for Britain to legislate for the world. But there is immense work that Britain can do in this situation which will have its reactions elsewhere and eventually promote the re-establishment of world business on sound lines. It is for us to deal with our own internal economic strife. We shall then be able to face the world. It is our internal situation which in its reactions is having an unfavourable influence on the whole world, and accentuates the crisis caused by debts and other factors in the situation.

MAN AND THE MACHINE.

Let me revert again to this problem of man and the machine. Let us imagine that we have invented a wonderful labour saving machine for making cream buns by mass production. I have taken cream buns as an instance, as I am sure you will agree with me that the capacity of human beings to consume cream buns is definitely limited. I like cream buns. You like cream buns. Now instead of employing, as we did perhaps a few years ago, ten thousand men and women making cream buns with reasonably good appliances, we have decided that we can use this machine, treble the output and eliminate three-quarters of the labour. Of course, when we had ten thousand people producing cream buns by the old machines, we were producing a reasonable number of cream buns. We produced a sufficient number of cream buns for our consumption. Now, however, we only have two thousand five hundred people producing cream buns, and here is an important fact. Amongst the consumers of cream buns, or something that cream buns were exchangeable for, were 7,500 workers who are now out of a job. They have no money now to spend on goods produced by other people who would in turn be potential buyers of cream buns. The cream bun makers and some of the people with whom they spent their money are thus partly dependent on other sections of the community out of the proceeds of taxation, or they are dependent on savings which come out of the unemployment fund. They may buy some cream buns, but they will not buy so many as if they were in full employment and confident of the future.

If we use our machine to full capacity we put out of work so many people that we have to try to make other people eat more cream buns. We may succeed for a time. But there are only twenty-four hours in a day, and other producers of goods want to make us use their products in increasing quantities at some period of that time. From the point of view of newspaper production I am not going to let you eat all those cream buns if I can help it. I want you to spend some of your time reading newspapers. They won't do you more harm than cream buns.

So now we have arrived at the cream bun crisis. We have too many cream buns and too few consumers of them. We have seen the circumstances which have brought about the condition. It has been forced because the cream bun employees demanded and were able to secure for a time a higher wage than was justified on the sale price of cream buns under normal conditions. There is consequently a great deal of strife between the employees and the employers. The solution will force itself on us gradually. Many people will go back to more primitive appliances which will produce sufficient for them to sell and receive in exchange goods for their own consumption. The best solution would, of course, come from amongst the unions. Hitherto they have fought the employer. The time has now come when the average employer is no longer the villain. He has been forced into actions which have cost him and his shareholders heavily in plant and machinery which is much reduced in value.

It comes about, therefore, that vigorous leaders of trade unions, by their ability and by doing their duty to their followers, have been able to secure a larger share of the national pool of money than the men they represent are really entitled to when the value of the work they do is considered in relation to its value to society in proportion to the value of work done by others.

It is not improbable that some of the wiser and more experienced men in the trade union movement may see this point of view—and, of course, there are many honourable and experienced men in that movement.

The result of the success of union leaders on behalf of sections of the working community has been to turn out of work thousands of men not only in their own, but in other unions. And I think the time may yet come in this country when the enlightened leaders of men may realise that it is not the employer who takes too much out of the common pool of money. They may come to the conclusion that some other groups of men, as a direct result of the ability of the men who lead them, are also taking too much out of the pool.

Some of the wiser union leaders may even come to the conclusion that the proper solution can only be brought about by legislation which will provide greater freedom for man to compete with the machine on a basis which will permit rapid adjustment.

By that means we would get to the stage, I think, of orderly progress with all factors to the situation operating freely. Labour, like tea and butter and eggs, is a commodity, and the more there is of it the lower its price must fall. Such a development may be delayed. It cannot be permanently arrested. But the price of labour is relative to other prices, and it is not the amount one receives, but what that amount will purchase that truly matters.

THE INTERNAL ASPECT.

Briefly let me reiterate the process which I think has taken place in our internal economy in the last hundred years or so:—

1. The invention of machinery.
2. The organisation of man power.
3. The demand of man power for more of the national pool of money.
4. The intensification of the progress of machinery.
5. Subsequently we had rationalisation as a further stage in the internal struggle designed to reduce man power costs.

6. The throwing out of work of skilled men by rationalisation.
7. A breakdown in consumption caused by unemployment.
8. The development by skilled men thrown out of employment of competitive businesses on a very much smaller capital basis than some of the rationalised concerns.
9. The undermining of existing capital structures in those cases where they are unsound by the lower cost production of men thrown out of rationalised units.

I have dealt very broadly with the internal economic war. It is my belief that only by complete freedom internally can Britain be in a position to compete externally in the world's markets. Moreover, I believe that in this question we come down finally to the question of national defence, and even the survival of our people. There are questions here involved, on the solution of which must depend whether the abundance of to-day may not, as a result of world under-production, give way to a famine a few years hence and starvation for many thousands of people in these islands.

You will appreciate from what I have said that I am one of those people who believe that by our internal wastefulness and extravagance in public administration, in the subsidisation of uneconomic industries, the restriction of the production of coal, a failure to understand the true basis of our internal strife and remedy it; a serious situation has arisen. Also I think that, by restricting the business of the small retailers up and down the country in a misguided effort to raise artificially the standard of livelihood of sections of the community, we have by Government legislation assisted in the development of foreign controlled chain stores in this country which are a great funnel through which the earnings of British working people are sent to United States. I do not wish you to infer that I am against such people who are fortunate in having the advantages of this situation. I merely say that in my opinion it would be better for the general welfare of the nation if these conditions did not exist.

THE EXTERNAL ASPECT.

Now I come to the external economic war.

There is a tremendous fight for trade going on amongst all nations of the world, and especially in Europe and the United States. We see signs of this in the building of monster ships to compete in the trans-Atlantic traffic.

We see spectacular signs of it in the development of lighter than air craft such as the German Zeppelin. We see it in our own Empire air routes. Some of the nations are subsidising trade development by providing subsidies for aircraft or ships. Such a policy cannot go on indefinitely without being reflected in the national finances of the countries concerned. They will one day want money. And if sound principles were adopted by those who are in a position to lend they would refuse loans to those countries whose trade—such as the Polish coal trade—is being bolstered up by subsidies of one sort and another.

Great Britain has been, I believe, amongst the worst of the nations in this respect. We not only subsidise beet sugar and airways, but we have subsidised to a large extent wages through the unemployment funds, and, to make the position even worse, we restrict the export coal trade which, with the cotton trade, was in years past the basis of all our prosperity.

This policy of refusing to lend to what might prove to be bad borrowers was adopted against us last year when Britain very foolishly, I think, asked for credits in order to remain on the gold standard. The Americans and French knew that we were trying to maintain an artificial situation by subsidies; that we could not compete in the world's markets without depreciating our currency, and accordingly they said the most they will lend us, and on very strict terms, was an amount which would be covered by the gold holdings at the Bank of England.

Let us see what this post war policy of wastefulness and extravagance has cost us. This taxing of one section of the community to permit another section to buy tremendous quantities of foreign goods for consumption. In the past ten years Great Britain imported £780,000,000 of foreign oils, either petroleum or lubricating oils. We put our navy on to oil during the war with almost disastrous consequences. Our coal exports are now running on the basis of £350,000,000 for a ten years period.

In the ten years before the war our coal exports amounted to £780,000,000 and our oil imports amounted to £160,000,000. If you examine the trade returns you will find that the figures of other consumable imports have risen enormously, and that our exports have dwindled. As a direct result of this colossal change in our visible trade our invisible exports have fallen to the lowest level for many years. Years ago it was the fact that Great Britain was a soundly managed shop which enabled her to accumulate a vast national wealth. It allowed her to set aside huge sums out of reserves for an international banking and insurance business. The services which we rendered in banking and insurance added still further to our national wealth and our national well being. It enabled us to build a strong navy which kept our trade routes free, which encouraged our creditors very politely to pay up, and convinced others that we were so strong and so powerful that if they were good and paid the interest on the money they owed us we might be able to let them have some more when they needed it for sound development. By our financial strength we were by far the most powerful nation in the world. Britain was the greatest influence for world peace, and while she was hated and envied for her prosperity she was respected for her strength.

After years of wastefulness and tremendous expenditure on the Great War—which was itself an economic war—Britain had to take second place. She was unable to pay the demands of her short-term creditors. She was not able to pay in gold. Neither was she able to pay in goods at a price at which the world was willing to pay or at a price competitive with other foreign makers of goods of the same type. This latter aspect of the situation was due entirely to our failure to adjust our internal position. If we had allowed man to compete more freely with the machine, if we had cut out our subsidies, then we should have many years ago truly balanced our national budgets, so improved our credit and so reduced the burden of our national debt that we should have been in a stronger position amongst the nations to-day than ever before.

Not only have we made the mistake of importing vast quantities of goods for our own consumption, but we have actually lent other people the money with which to produce the goods they have supplied us with—many of which we could and should have produced at home. For instances, Japan and Greece have come to us in the City with their prospectuses. In the prospectus they have told us of the immense increases in the production of currants, beans, silk, cotton and other goods that have gone on in their countries. We have lent them money. Little did we think at the time we made the loans that we in this country were the principal buyers of the commodities produced by these other nations,

and that, when our consuming power went and we had run short of money, the loans which we had made would fall very much in value. So that we have lost twice both on the swings and on the roundabouts.

As it is the position is not without hope of great recuperation and recovery. If some of the actions which the Government has taken in recent months had been taken years ago the present position would never have arisen.

RATIONALISATION.

There is, of course, another aspect of the position which is of great interest. I refer to the subject of rationalisation. In recent years we have had an enormous growth of large units of production. This has been a development resulting also from similar causes to those of which I have already spoken. It is a matter of which I have strong views and on which other people have equally strong views to the contrary. But I would like to give you, broadly, an instance of what rationalisation has meant to this country in its foreign trade. Before the war the British coal exporter, who was entirely independent of the producers, had built up wonderful connections all over the world. He knew the requirements of his customers. He knew the mixtures of coals they required, and he really did do a wonderful piece of work. After the war we had amalgamations and central selling organisations. Some of the amalgamations tried to sell direct to the foreigner. They put the British export trader out of business. In their efforts to survive some of the British export traders were compelled to supply their former customers with foreign coals, thus putting thousands of British miners out of work. Moreover, foreign importers of coals refused to be bludgeoned into paying prices above the world prices for coal, and they, too, helped to develop the Polish and Silesian coalfields by their purchases. In this connection I would like to draw your attention to Captain Acworth's recent book, "Back to the Coal Standard," which deals with the situation in a most interesting manner.

Moreover, in the case of another British industry which has been formed into a combination, foreign trade has fallen off to an alarming extent. In my view that loss of trade is very largely the result of rationalisation.

The business of the company which I have in mind was before the war in the hands of over twenty small and middle-sized concerns. Each year the managers or the owners of those businesses travelled the world with their carpet bags getting orders. They were tremendously prosperous. To-day what do we see? The combine has one representative in each country, who may be a good representative, but the fact is that the potential buyers have no alternative if they disagree with terms, conditions or material but to go to the foreigner. This is one weakness of rationalisation which I foreshadowed many years ago, and some of the combines are gradually breaking down.

Others will break up as artificial restrictions are removed because smaller people will be able to compete with them with a very much smaller amount of invested capital.

The failure of these institutions is not a bad thing. It is a good thing. By their very size they create false ideas of the value of the men at the top of them. They give them far too great an influence in our public life. Particularly is this seen in the United States. An influence which is altogether disproportionate to their true ability. It would have been better if these combinations had never been created, and now that losses have to be taken it is a pity that thousands of small shareholders have to take them.

THE AUTHOR'S CREED.

I have previously stated that I am not without hope. But there are great things to be done. In these days of anxiety through which we are passing men of spirit, even if they are young people, have another path to follow than the path of pleasure and heedlessness.

Some days ago I listened to a well known young man giving a lecture. He apologised because part of it quite properly had a political aspect. There may be a little politics in this lecture. I do not know how one can lecture without possibly treading on someone's toes. But I make no apology, though actually I am not concerned with party politics.

Nevertheless I am going to give you my creed. If any of you believe in it you may adopt it, too :—

I believe that the prime function of Government is to ensure the safety and security of its citizens, and to allow them to go about their business with confidence and freedom.

I believe that national security can only be maintained by a policy of sound finance which will result in a surplus of revenue over expenditure in the national accounts which will be available for the maintenance of a strong navy, a strong army and a strong air force.

I believe that sound finance can only be ensured by allowing all factors in the internal economic situation to have free play.

I believe that a policy of subsidising individual industries which are uneconomic, by taking money through taxation from the sound industries of the country can only result in the bankruptcy and moral degradation of our people.

I believe that, given freedom in the coal and other basic trades of the country, we can recover our prosperity and that by that means the standard of living of the people of this country and of the world can be raised to levels hitherto not contemplated.

I believe that with internal freedom the volume of the national income can be increased so that London may once again accumulate a reserve on which she can again render service as the world's banker.

There are, of course, many other aspects of this economic situation. It is not possible to deal with them all in one lecture. I have dealt broadly with what I think to be the main features. But years ago we used to say that trade followed the flag. The Germans are finding this to-day. Tremendous hard work. Cheerful hard work is needed, and I am afraid, however much some of us would like it, there cannot be and will not be in the lifetime of ourselves or our descendants a five-hour day and a five-day week for men who take a joy in their work. There is no doubt in my mind that in the next few years the future of this country is going to depend on the fullest possible development of our agricultural and coal resources, and all those who are working for that are indeed doing good work. I thank you very much for your kind attention to an inadequate lecture on perhaps the most fascinating subject of the day.

Discussion.

Mr. W. C. RING : I should like to ask if Mr. Alexander thinks that the growth of economic nationalism is impeding international trade?

Mr. J. M. KEYWORTH : Mr. Alexander remarked that the capital of certain concerns in this country is owned by people in America. I believe I am right in saying that the capital of many concerns in foreign countries is owned by people in this country. Does Mr. Alexander think it would be better for us if we owned more capital here and less abroad, and does he think it entirely wrong

for this country to lend money to foreigners in order that they may develop their resources and supply us with goods which we could very well produce ourselves? I think if this country did not lend the money some other country would do so.

A STUDENT: Would it not have been better for Great Britain never to have left the gold standard?

Mr. V. A. CALVERLEY: I was rather pleased this evening to hear Mr. Alexander's concluding remarks. He is the first man of any public standing whom I have heard advocate the policy of "Hands off." I think I am right in epitomising his views in that way. The policy hitherto seems to have been quite the reverse. For instance, the Versailles Treaty provided that enormous debts should be satisfied, and, gold being totally inadequate, this upset the trade position altogether. The large debts which Germany and other countries had to settle were to be satisfied by the transference of goods, which was an interference with the normal course of trade. The same kind of thing occurred when the National Government came into office. The great cry then was for economy, and it is only within the last few months that leading men seem to have discovered the error of their ways; they now find that economy can lead us to hell as well as to heaven. The economy that is practised must be reasonable. The spending of money should not be withheld, but it should be wisely directed.

Mr. J. A. PLUMPTON, Incorporated Accountant: I would like, if I may, to put this question to Mr. Alexander: Do we live for trade, or does trade exist to enable us to live? I think there is great danger of trade and industry becoming our masters instead of our servants. I do not agree with Mr. Alexander that this country is worse off than it was in 1914. In all material aspects the country has advanced, but there is something wrong with our accounting system, or with the figures in our books. I have talked with people who have told me of the state of things before the war. I myself am old enough to remember, for instance, that the children were without boots, the streets were in a disgusting condition, the 'buses and trams had hard seats, and on some of the railway lines you can still see the kind of carriage that was considered quite good in 1914. I venture to say that there is no comparison between the pre-war conditions and those existing to-day. The world has advanced very considerably. One of the causes of the present state of economics, I maintain, is that we have so much watered capital in the country. This is where I disagree with Mr. Alexander; he suggests it is good when Consols go up a few points. But is it good? You have lost live capital. You could have paid them off at 56 a little while ago, but now you have to pay much more. What we want is real, live, liquid capital; we do not want to bolster up a lot of dead stock. Why starve ourselves to try and leave a legacy of debts representing dead capital to our descendants? We do not know how the rights and obligations will pass to them. Personally I think there is a very simple way of increasing the purchasing power and providing liquid capital for both social and industrial uses, but I have not time to explain that now. I do not entirely agree that, as things are to-day, with plenty of machinery about, you should not attempt any legislation as between the worker and the employer. What we want is to get the purchasing power distributed more generally, and in distributing that purchasing power steps should be taken to see that the money is not diverted into any other country. Accounts with other countries can only be settled by contras. Money, as we should understand it, represents service required rendered. The more service we render to one another during the year, the more money there must be for purchasing power. If you practise wholesale economy you will simply be cutting down services rendered, until one man will say to another: "You have not cleaned my windows, so I will not do your garden for you."

Mr. G. A. DURGAN: There is one point I am not quite clear about. Mr. Alexander appeared to me to advocate a policy of hands off industry. Does he mean by that, that we should not have had the unemployment insurance subsidised by the Government? Does he mean that, when the insurance benefits have expired, instead of getting further unemployment pay, people should have been allowed to starve, or does he advocate keeping them alive?

Mr. W. J. BACK, Incorporated Accountant: If Mr. Alexander will allow me to say so, I think it is a very great pleasure to hear somebody telling us that machinery and rationalisation have had something to do with the present position. It is frequently attributed to changes in the value of money—that is what Sir Josiah Stamp is apt to do—and to "economic blizzards." It seems to me that one of the conclusions to be drawn from what Mr. Alexander has been saying is that, with the increase of mechanisation on the one hand and rationalisation on the other, involving a steady displacement of man power, when the position of normal trade is recovered there will still be a very large number of unemployed in this country. There will not be enough demand for labour to keep all the people occupied who need to be, and are willing to be, occupied. Mr. Alexander is, therefore, left with a problem that will not be solved even by getting rid of the present depression. The normal and proper mode of distributing purchasing power is that of using it as payment for labour. At present it is distributed precisely in that way, except that the Government take a substantial proportion of the proceeds of labour when so distributed and distribute it as doles to folk who would be willing to work if there was work for them to do. The result of mechanisation has been to raise the standard of living. Mr. Alexander spoke about that being still further increased to an unbelievable extent in the years to come. I want to ask him this question. May it not be the case that the only cure for the trouble is the one he has thrown rather unceremoniously on one side, namely, the use of the increased and improved machinery, not to reduce the demand for man power, but to reduce the number of hours of labour that are meted out to each man? That may mean the acceptance of a reduced standard of living, or at any rate no increase in the standard of living. A reduction in the hours of labour would bring with it a reduction in remuneration. If everybody was getting some share of the available work, doles and all that has come out of them could be more or less completely dispensed with. A very much larger number of people would be employed for a smaller number of hours. Everybody would have more leisure, and leisure may be worth more than money; nobody would have permanent leisure in the form of unemployment. May it not be that something of that kind will prove to be the only ultimate solution? It need not increase costs, as Mr. Alexander seemed to think it might, but there would have to be a reduction in the standard of living.

Mr. F. W. HARES: The Lecturer spoke about the necessity for a prosperous agriculture in this country, and also referred to the disadvantages of subsidising industry. Does he consider the Wheat Quota as within that ban? So far as the Ottawa agreements are concerned, I take it from his remarks that he is in agreement with them.

Mr. A. A. GARRETT, M.A., B.Sc.: Mr. Alexander has put before us in a somewhat arresting way what I am afraid is only too true—that the state of affairs at the present time is like an economic war. But I suggest that political and economic endeavour should aim at the substitution of economic harmony for economic war. The question of man and machine is one that has troubled the historians for two centuries. History does not always repeat itself precisely. I wonder if our descendants 150 years hence will look back upon this period as we look back upon the period 1790 to 1840 as a transitional period. The early substitution of labour by machinery worked itself out, and, later, machinery resulted in the employment of a greater amount of labour. There was an interesting letter in *The Times* from Sir Harold Bowden a short time ago in which he expressed his opinion that machinery was permanently displacing labour, and that account must be taken of that fact. We have come to believe in the economic employment for employment's sake, and

that the continuous displacement of labour by machinery is not an unmixed blessing. The ultimate result must be, as Mr. Back has suggested, a general shortening of hours (at the right time and under right conditions—not an artificial restriction of labour), or else, as Mr. Alexander hinted, some movement towards a higher system of hand economy, having for its object the balancing of hand and machine production. Personally I do not see how, though I wish such a policy could be practicable—progress in science is a force we cannot control. Mr. Alexander gave us an interesting illustration in regard to the production and consumption of cream buns. I am going to ask him whether his argument would apply equally if he had taken bottles of beer instead. (Laughter.) But whether he takes one or the other, there is a limit to what people can consume in a comparatively short length of time. For instance, if a person lives in a six-roomed house he can only consume a certain amount of light and heat and use a certain amount of furniture. When his circumstances change, and he shifts into a nine-roomed house, with a garage, garden and other amenities, he can consume more. But he cannot keep on doing that sort of thing continuously. Such changes made too often are uncomfortable and unsettling. Mr. Alexander has stated with truth that there is now considerable reaction in regard to the advantages of rationalisation. But there is also another trend going on: I refer to the attempt to rationalise various type of controls—output, wages, quotas, tariffs, instead of leaving things to take their course, in the hope that some of the disharmonies to which Mr. Alexander has drawn attention will be overcome.

Mr. A. V. HARLOW: We have been told by Mr. Alexander that labour, as well as goods, is a commodity. Goods have to be shared out for everybody to live, and therefore labour should be shared out by reducing hours of work and increasing the number employed. The education of the people would in all probability be increased and a greater civilisation would be formed. I should like Mr. Alexander's opinion on that point.

Mr. ALEXANDER: The first question, I think, was "Does economic nationalism impede the progress of international trade?" Well, all I can presume from that is that the questioner has in mind the Czecho-Slovakian and Central European situation. Before the war, of course, we had economic nationalism, and trade at that time was quite satisfactory and very progressive. I see no reason at all why it should not be progressive again under the same conditions. Another question, I think, had reference to the chain stores which might be owned by Americans. The answer to that is quite simple. I did not say I was against the chain stores being owned by Americans or by anybody else; in fact, I went out of my way to say that I did not wish you to infer that I was against such people as are fortunate enough to have an advantageous situation created for them. In my opinion it would be better for the welfare of the nation that these conditions should not exist, but there is no harm in anybody taking advantage of them. We, having lent a tremendous amount of money abroad, cannot take the view that it is not right for foreign owners to come here and do business. Then the gentleman said, in connection with the question of loans to foreign countries, that some other country would have lent the money if we had not done so. Well, so much the better; it would have been very much better for us if they had. Another gentleman asked whether I am of opinion that it would have been better for this country never to have gone back to the gold standard in 1924. My own personal opinion is that an international basis of commerce is absolutely essential, and the gold standard probably worked in pre-war years as well as anything possibly could work. But there are very good arguments—the tremendous increase in debts and many other factors in the situation, such as the continuous flow of money from Europe to America and things of that kind, which were perfectly sound arguments against going back to the gold standard in 1924. On the other hand, I think that if we had been able to conduct our affairs on purely sound lines, which would have been extremely difficult, we need never have gone off it. However, that is another matter. One gentleman said that I was in favour of watered capital, and that I was pleased to see Consols rising a few points. Well, I do not mind whether they rise or fall; the fact is that the rise in fixed interest rates is an essential part of the process of normal and natural recovery; and when you get, after a time, money flowing into gilt-edged stocks and the rate of interest falling, money becomes available for industry. I think that in a short time industry will be able to get very much cheaper money than it has had for many years past. Another gentleman referred to unemployment insurance, and asked if I wanted to see everybody on the border line of starvation. Do I think, he asks, that the Government should have subsidised unemployment insurance? That is a very difficult question to answer. If we had conducted our affairs rightly, I think there would have been no need to do it. That is my point. There was, however, an emergency, which undoubtedly was dealt with, at least for a time, in a proper manner, and I do not suppose we could have avoided it at the time it took place. But so long as any Government permits either unions or combinations of employers by the regulation of trade conditions to restrict men out of employment, it has some responsibility to the men who are thrown out. Then Mr. Back referred to a subject which he said I had unceremoniously set aside—the subject of hours of labour. All I can say about that is that I work daily from 9.30 a.m. to 9 p.m., on Friday I work from 9.30 a.m. to midnight, on Saturday I work from 10 a.m. to 11 p.m., and on Sunday I do three or four hours' work. I do that because I like it, and I cannot see the time coming when men will voluntarily give up work if they like it. What I mean is, that some people enjoy doing work. If you say that a man is only going to be employed five hours a day for five days a week, he will immediately go and find a job round the corner and put your whole machinery out of order. Now, is there any question I have omitted to reply to?

Mr. A. V. HARLOW: There was the question about labour and goods as commodities.

Mr. ALEXANDER: Well, you only exchange commodities for some service, and labour is the service. I do not see how you can finally differentiate between the two.

Mr. A. V. HARLOW: Yes, but my further point was that, if we reduced the hours of labour, people could be educated and we could produce a much better civilisation.

Mr. ALEXANDER: I am afraid that is a subject with which I cannot deal, as it becomes very involved. Someone asked if I agreed with the Ottawa Conference. I am afraid that is a matter for very broad discussion. I think lots of things could have been done at Ottawa which, perhaps, were not done. For instance, at Ottawa they apparently never touched on the question of migration within the Empire. I think migration is fundamental in the Empire situation, and possibly in the world situation. Possibly Ottawa was not such a great success because of that omission, and I think that subject will have to be dealt with later on.

On the motion of Mr. IRONS, seconded by Mr. AMBROSE, the Lecturer was heartily thanked for his Lecture, and a cordial vote of thanks was accorded the Chairman for presiding.

Notice to Incorporated Accountants.

Members of the Society of Incorporated Accountants and Auditors are warned against any persons calling upon them soliciting help and representing themselves to be Incorporated Accountants or as having some introduction from an Incorporated Accountant. It is strongly recommended that money or other help should not be given by members in such circumstances unless they have completely satisfied themselves as to the person concerned. The Incorporated Accountants' Benevolent Fund was established to deal with *bona fide* cases of Incorporated Accountants in straitened circumstances.

Incorporated Accountants' District Society of Yorkshire.

ANNUAL DINNER.

The annual dinner of the Incorporated Accountants' District Society of Yorkshire was held at the Great Northern Station Hotel, Leeds, on December 2nd. The PRESIDENT (Mr. Tom Revell, F.S.A.A.) presided over a large gathering, which included the Deputy Lord Mayor of Leeds (Alderman Eric J. Clarke), Mr. E. Cassleton Elliott, F.S.A.A. (President of the Society of Incorporated Accountants and Auditors), Mr. Noel H. Whiteside, M.P. for South Leeds, Mr. H. D. Leather, F.C.A. (President, Leeds Chamber of Commerce), Mr. T. Wilfred Hopkins (President, Leeds Law Society), Mr. E. Duncan Taylor, F.C.A. (President, Leeds and District Society of Chartered Accountants), Mr. H. E. Clegg (Secretary, Leeds Law Society), Dr. Terry Thomas (Headmaster, Leeds Grammar School), Mr. J. E. Waring, F.C.A. (Secretary, Leeds and District Society of Chartered Accountants), Dr. G. H. Austin, B.A., LL.B. (Principal, Leeds College of Commerce), Mr. Clifford Bowling (Official Receiver), Mr. J. L. Ounsworth (Principal Inspector of Taxes, Leeds Centre), Mr. J. Chubb (1st District Inspector), Mr. T. W. McLeod (2nd District Inspector), Mr. Frederick Holliday, F.S.A.A., Mr. James Mitchell (City Treasurer), Mr. E. E. Edwards, B.A., LL.B. (Parliamentary Secretary, the Society of Incorporated Accountants and Auditors), Mr. W. H. Stalker, A.S.A.A. (President, Newcastle District Society), Mr. H. D. Myers, F.S.A.A. (President, Bradford District Society), Mr. G. A. Ridgway, F.S.A.A. (President, Hull District Society), Mr. A. H. Crumpton, A.S.A.A. (Secretary, Hull District Society), Mr. J. Turner, F.S.A.A. (President, Manchester District Society), Mr. A. E. Piggott, F.S.A.A. (Secretary, Manchester District Society), Mr. S. Wigglesworth, F.C.A., Mr. J. R. Robertson, Mr. Harold Lister (Secretary, Leeds Chamber of Commerce), Mr. D. H. Waterhouse (President, Auctioneers' Institute), Mr. H. C. Wood (Secretary, West Yorkshire Branch, Chartered Institute of Secretaries), Mr. H. Routh (President, Insurance Institute of Yorkshire), Mr. H. H. Lane (Clerk to the Commissioners of Leeds), Mr. T. W. Dresser, F.S.A.A. (Hon. Secretary, Yorkshire District Society), Mr. F. Smith (Midland Bank), Mr. J. D. McKenzie (Bank of England), Mr. J. C. MacDonald (Westminster Bank), Mr. F. Wolsey (National Provincial Bank), and Mr. F. W. Tidswell (Martins Bank).

Mr. NOEL H. WHITESIDE, M.P., proposing "The Society of Incorporated Accountants and Auditors," gave a brief résumé of the economic position as he saw it. Many theories had been advanced, he said, as to the reasons for the present world chaos, but most of them merely skirted the causes of our difficulties. Capitalism was in disrepute, not because of any inherent weakness, but because the conditions under which it had to function had been made intolerable. The capitalist system was the competitive system under which, as in the laws of nature, the weakest went to the wall. Progress was thus accelerated, and the more efficient businesses prospered. Owing to economic nationalism, this process had been deliberately flouted. The exigencies of the war saw the building up of numerous concerns which, under normal conditions, would never have existed. Then, when peace was declared, such an orgy of vested interests had arisen that weak-kneed governments decided through means of bounties and restrictions to keep those concerns alive on an utterly uneconomic basis. As a result, the capitalist system was completely disorganised. No business man in any part of the world knew where he was. What industrialist would extend his business to provide goods for a market which might be closed to him at any moment? Confidence was destroyed until to-day there was a glut of money which would normally be productively invested in industry. Added to this disability, industry in this country had been saddled with taxes which were unbearable. Thirty years ago 5 per cent. of the national income was taken up in rates and taxes. That burden had been increased until now over one-third of the total national income was taken from industry and re-distributed by the State in social services. Nor was that all. Debts had been piled up which were in excess of the nation's total annual wealth. When they were born, they inherited a debt of £18 per head. If no further expenditure were incurred during the next 25 years, their grandchildren would be burdened with a dead weight debt of £500 per child. What would those children say? That we were a profligate generation, who mortgaged our lives for our own comfort. During the past few years, Mr. Whiteside continued, there had been a succession of economy reports. What was the result? Suggestions had been made to pare 10 per cent. off here and 10 per cent. off there, and an avalanche of protests arose from the interests concerned. Such suggestions were valueless. In his view, there was only one way of effecting economies, and that was the bold courageous one. Let the Chancellor of the Exchequer examine the position of national wealth and say that industry could afford a burden of so much, and let it be spent to the greatest national advantage. Let him raise that revenue in a way least likely to be detrimental to industry, and, therefore, to workers and unemployed. However desirable social services might be, they could not raise the standard of living above what industry could bear. The action of the National Government, culminating in the Ottawa agreement, would, he believed, stimulate international credit, but world free trade was no longer possible. If it were desirable to have minimum wages, there must be minimum prices, and until such agreements could be reached internationally, some form of import restrictions was inevitable. Agreement for shortening the hours of labour must follow. The capitalist system had not failed, but he believed in future it would work under a growing measure of State control, though utterly divorced from Socialism. He believed the clouds were breaking, and that before many months were past they would be conscious of a growing new prosperity. His advice was to buy everything possible now, because prices would never be so low again.

Mr. E. CASSLETON ELLIOTT (President of the Society of Incorporated Accountants and Auditors), responding, said the proposer of the toast had mentioned barriers which various nations had raised against each other. There was not the slightest doubt to-day that countries had become nationally minded to the detriment of the world in general. The proposer declared that free trade could no longer be tolerated. He (the speaker) would suggest as a Free Trader that freedom of trade was really what they all required. He hoped that the historic document which was sent to Washington the previous day—a document the size of a very long short story (laughter)—which he commended to every thinking accountant, would be read at leisure not once, but several times, because he was satisfied that it would go down to history as a record of the stand which Great Britain had been compelled to take in a time of distress, not merely for herself, but for the whole world. What shall it profit a man if he gain the whole world but lose his own soul? He would say to America that if she had all the debts paid to her and gained the wealth of the world, she would lose her own soul. He had a great respect and affection for the Americans he had met, and he hoped, therefore, that

they would read that Note in the spirit in which it had been sent, and reply in that spirit for the benefit not only of us as a nation, but also of the whole world. With regard to economy generally, Mr. Elliott expressed the hope that the Government would not interfere with trade, or would interfere in trade as little as it could. He was quite satisfied that if industry were left to the clever business men that we had in this country it would come all right in the end. The true definition of economy was wise spending. Professor Jones, of Leeds University, was an economist known to all present as well as to accountants throughout the world, because he wrote a very interesting article every week for the *Accountant*, which they all read with profit. They might not necessarily always agree with him, but he thought they were in agreement when Professor Jones came to the conclusion that there had been too much parsimonious economy in the past, and what they had to decide was how much wise spending could be induced in this country to the benefit of trade, industry and commerce, and the benefit of everything connected with it. In that connection he (the speaker) was shown a cutting from a Leeds newspaper in which the Conservative section of the City Council had given a very interesting and voluminous report upon the housing of the city. In it they pointed out that there were 72,000 back-to-back houses, of which there were 33,000 which had been built over seventy years ago. It was suggested that now would be the proper time to commence the re-housing of people who lived in those slums. He thought that if some means could be found to commence dealing with the housing problem in Leeds, they would be able to re-start the building industry. Professor Jones asked why they should not start now instead of waiting until things were better, because, he said, capital was there to-day, and in two or three years time when they would begin to be more prosperous, building would be started. Why not build now, argued Professor Jones, because they would only be losing two or three years' interest on money which could be secured to-day at a comparatively cheap rate? He (the speaker) thought there was something in the idea, because it agreed with the definition of wise spending, and one of the chief essentials for people to-day was proper housing conditions. It was true that people in those areas had been born and bred in the houses and did not like moving, but as the older people died off surely they would not condemn the younger generation to live under the same conditions. Let them progress as they could, and not only the building but other industries also would benefit.

Mr. G. A. RIDGWAY (President of the Incorporated Accountants' Hull and District Society), submitting "The City and Trade of Leeds," deplored the lack of confidence which prevailed nowadays. If, he said, they could only inspire the buying public the trade of the country would improve. He thought Parliament might spend considerably less money. Municipalities, too, had been spending an immense amount on house building and in other directions. That did not bring confidence back, and until confidence had been restored he was afraid trade would be a long time in getting back to normal.

The DEPUTY LORD MAYOR OF LEEDS (Alderman E. J. Clarke), responding, said Leeds was unquestionably a city of many trades and diversity of manufacture. They were proud of that fact, and it was because of that Leeds had suffered less in unemployment than probably the cities of Bradford and Sheffield, which were mainly one-trade cities. There was a tendency in trade for the movement from North towards the South. And it was particularly noticeable in regard to light engineering and the artificial silk industry, which had recently developed in the greatest degree. He urged that Leeds should fight to retain trades within the city, or in close proximity to it, and in that fight it was the duty of the Corporation to assist to the utmost. For the more trade there was, the greater the chance to alleviate unemployment or prevent its spread.

Mr. H. D. LEATHER, F.C.A. (President, Leeds Chamber of Commerce) also responded. He pointed out that a great deal of work could be done by accountants in connection with the activities of a Chamber of Commerce. While some of the city's industries were progressing, others, including heavy engineering, were passing through years of depression, and there were businesses which had not made a profit for ten or twelve years, and which could not yet see daylight. Why was it that not only in Leeds, but also in the West Riding they were not getting new trades? It was very difficult to find an answer to the question as to why these trades went to the Midlands and the South. During the past ten years the increase in the population of Leeds was 4 per cent. only; of Bradford, 3½ per cent.; of Oxford, 20 per cent.; of Birmingham, 11 per cent.; and of some parts of London, due simply to the advent of industry, as at Hendon, 100 per cent. The population of Dagenham had increased from 9,000 to 89,000.

Mr. FREDERICK HOLLIDAY, F.S.A.A., proposing "Kindred Professions and Societies," said that the more Chartered Accountants and Incorporated Accountants could work together, the better it would be for the profession and for trade.

Mr. T. WILFRED HOPKINS (President, Leeds Law Society) responding, said many people regarded solicitors and litigation as synonymous terms, and to his mind it was a great pity. In many instances, solicitors were consulted too late to avoid litigation, which involved high legal charges. But they must remember that in litigation there were court fees, barristers' fees, and, perhaps most expensive of all, the fees of the expert witness. (Laughter.)

Mr. E. DUNCAN TAYLOR (President, Leeds and District Society of Chartered Accountants) also responded. He said the Institute which he represented, and the Society to which his hearers belonged had many things in common. Both maintained high examination standards, required the same standards of professional conduct, and exacted the same discipline from their members. They had the same desire for the advancement of their profession, and for the best possible education for their students. Sometimes business friends asked why the Institute of Chartered Accountants and the Society of Incorporated Accountants and Auditors did not amalgamate and form one homogeneous body. The answer was that the Institute and the Society were complementary and not competitive. The Society, by admitting to its examinations, after approved service in the profession, candidates whose parents were unable to afford the heavy expense of service under Articles, provided for a real need, and so long as those conditions prevailed, there was a complete answer to newer societies who claimed that their existence was necessary because accountancy would otherwise be a closed profession. The paths of the Institute and the Society lay side by side, and in his view more could be accomplished by continuing the present policy of close co-operation in all matters affecting the profession as a whole than by amalgamation. Much had been done in recent years, Mr. Taylor said, to ensure that more informative accounts should be furnished to the investing public, but there were still too many reports and accounts published which gave the minimum information required by law. The provisions of the Companies Act, 1929, with regard to the disclosure of information in accounts laid before shareholders in general meeting had proved to be unsatisfactory in practice, and particularly so in those

cases where there were substantial investments in subsidiary companies. In his view, every holding company should be required to disclose, not merely the amount of dividends and interest receivable from subsidiary companies in respect of which credit has been taken in the accounts, but also the aggregate profits or losses of subsidiary companies so far as such profits were attributable to the interest of the holding company in the subsidiary company. Income of an exceptional or non-recurring nature should be shown separately, and the amounts charged against the profits of the year in respect of depreciation of fixed assets should be disclosed. On these and other matters there was much to be gained by co-operative effort with a view to securing amendments of the law and improved practice. The reputation of their profession never stood higher than it did to-day.

Mr. ALFRED WALTON, F.S.A.A., F.C.A. (Past President), proposed "Our Guests," to which Mr. J. L. OUNSWORTH (Principal Inspector of Taxes, Leeds Centre) responded.

The PRESIDENT (Mr. Tom Revell, F.S.A.A.), in response to a call for a few observations, expressed the hope that more members would take an interest in the activities of the Society, and also encourage students to attend the lectures which took place each fortnight during the winter session.

District Societies of Incorporated Accountants.

BELFAST.

The new meeting room and library of the Incorporated Accountants' Belfast and District Society, 14-18, Coates Buildings, Castle Street, Belfast, was formally opened on December 16th by Mr. E. Cassleton Elliott, President of the Society of Incorporated Accountants and Auditors.

Mr. D. T. Boyd, President of the District Society, said that the Society of Incorporated Accountants was founded in the year 1885. Gradually, as the membership increased, District Societies were formed to focus local activities. Each District Society maintained close contact with headquarters while the local committee were able to do valuable work in arranging meetings, superintending the activities of the student members, and taking any necessary steps to maintain the status of the profession generally.

The Belfast and District Society was formed in 1913, and was the thirteenth child, as it were, of the Parent body. Since then other younger brothers had been born, and the total District Societies now numbered 21. It was significant evidence of the importance and ramifications of the Society of Incorporated Accountants and Auditors that these 21 District Societies had been formed over the length and breadth of the United Kingdom. Actually since 1913 the membership of the Society, which was then slightly over 2,500, had more than doubled. The return to December, 1931, showed a membership of 5,664.

An examination of the archives of their own District Society was not without interest. When their District Society was formed in 1913, there were at the inaugural meeting eleven Incorporated Accountants. With this membership, and with great faith, the Society came into being. The late Mr. H. B. Brandon, the grand old man of the profession in the north of Ireland, was the first President. At the end of the first year, 35 members had been enrolled. The last report showed a membership of almost 200, a record of which they had every reason to be proud.

He had mentioned the late Mr. H. B. Brandon as their first President. It was well to think with gratitude of those who laboured for the Society in the past, and of whose labours they enjoyed the fruits. The late Mr. W. T. Graham, Mr. Henry Oughton, Mr. George McCullough, all of whom were present at the inaugural meeting, had now gone to their rest. He was glad to think that of those earlier members they still had the help of Mr. James Boyd, Mr. Norman Booth and Mr. Charles Magee, who continued to take an active part in the work of the Society.

Mr. Boyd paid a tribute to the sub-committee through whose instrumentality the acquiring of the rooms had become possible, to the Secretary of the District Society, and particularly to Mr. J. D. Thompson, last year's President and chairman of the sub-committee, whose active labours and interest were of incalculable value.

He then asked Mr. E. Cassleton Elliott to declare the rooms open, and expressed on behalf of the Committee their appreciation of the help they had received from the Parent body and their hope that the Belfast Society would always worthily uphold the traditions of the profession in that city and district.

Mr. Cassleton Elliott (President of the Society of Incorporated Accountants and Auditors) congratulated the District Society on having secured such a large room, on the window of which had been suitably inscribed "The Incorporated Accountants' Belfast and District Society." It was a room for the use of students. He would like to say that theirs was a District Society that catered for students, and required a central situation to house such a library as they had, and also for lectures and meetings. As one who had some knowledge of examinations, he would tell them quite definitely that the lectures he attended were of very great assistance to him. A lecture might throw quite a different light on the subject from the text-book and give just the extra knowledge required to answer an examination question. The room should serve a useful purpose also as a meeting place for the students and the members of the Society. He congratulated the Committee on the wonderful progress that had been made since the Society was formed. He referred to the work of Mr. Thomas Keens, who had encouraged the idea of acquiring suitable premises.

Amongst those present at the opening ceremony were: Mr. E. E. Edwards (Parliamentary Secretary of the Society of Incorporated Accountants and Auditors), Mr. Joseph Turner (President of the Manchester Society of Incorporated Accountants), Mr. H. Piggott (Honorary Secretary of the Manchester Society), and several members of the Committee of the District Society.

LIVERPOOL.

On December 15th Mr. Thomas Keens, F.S.A.A., the Chairman of the District Societies Committee of the Council, paid a visit to Liverpool. He was entertained at a luncheon given by the Liverpool Rotary Club, and delivered an address on "A New Industrial Revolution." In the course of his address Mr. Keens drew attention to a number of permanent factors in the economic situation which called for most careful consideration and which, in his view, were not to be regarded as a legacy of the War. They were principally the outcome of scientific progress and invention, the permanent effects of which Mr. Keens considered had not been sufficiently realised.

In the evening Mr. Keens delivered an address before the members of the Liverpool District Society on "The Etiquette of the Accountancy Profession."

The members of the Liverpool Rotary Club and of

the Liverpool District Society have expressed their thanks to Mr. Keens for his visit and for his papers.

MANCHESTER.

A joint meeting of the Manchester and District Society of Incorporated Accountants and the Manchester Centre of the Association of H.M. Inspectors of Taxes was held on December 2nd. There was a large attendance of members of both societies.

The proceedings took the form of a mock income tax appeal, the Commissioners being Mr. Godfrey Craven, F.S.A.A. (Chairman), Mr. James A. Hulme, F.S.A.A., Mr. J. Bradbury, and Mr. E. P. Poole. Mr. R. H. Johnstone took the part of Clerk to the Commissioners.

Two cases were heard, both relating to allowances under Schedule D. The first was a claim by the Marble Halls Cinema Company, Limited, that a payment of £2,000 for hire of films, which it was not able to use owing to the opening of the cinema being delayed by fire, should be allowed as an expense, not of setting up, but of carrying on the business. Mr. William A. Nixon, F.S.A.A., appeared as the Inspector of Taxes, Mr. J. R. Watt as the accountant, and Mr. T. Paris as the secretary of the company.

In the second case, the Ganges Radio Company, Limited, appealed against the non-allowance of a sum of £5,000 paid to the sales manager of a rival company as an inducement to change his employment. Mr. J. G. Gradidge appeared as Inspector of Taxes, Mr. Alfred Brown, A.S.A.A., as accountant, Mr. Harold Dixon, A.S.A.A., as director of the company, and Mr. Halvor Piggott, F.S.A.A., as the sales manager.

Both appeals were allowed. The Chairman, Mr. G. Craven, F.S.A.A., in announcing the decisions of the Commissioners, said that in each case the decision was one of fact and not law, and, therefore, could not be reversed.

The Chairman expressed his own pleasure and that of the members of the District Society at having the members of the Association of H.M. Inspectors of Taxes as their guests, and hoped that it would be possible to arrange further joint meetings in the future. Mr. E. P. Poole returned thanks on behalf of the Inspectors, and said that they, too, looked forward to future joint meetings.

A vote of thanks to all the participants was proposed by Mr. T. W. Sowerbutts, F.S.A.A., seconded by Mr. C. Y. Lloyd, A.S.A.A., and carried with acclamation.

NORTH STAFFORDSHIRE.

A meeting of this District Society was held at Hanley Town Hall on December 14th, when the chair was taken by Mr. R. W. Woodhead, A.S.A.A., the Vice-President.

A paper was read by Mr. Thomas Keens, F.S.A.A., on "A New Industrial Revolution." On the motion of Mr. M. P. Ferneyhough, seconded by Mr. R. M. Chapman, a vote of thanks was accorded to Mr. Keens for his address.

Mr. J. Paterson Brodie, the Hon. Secretary, presented to Mr. Keens a coffee set of Doulton ware and expressed the appreciation, which he knew was felt throughout the country, of the work of Mr. Keens on behalf of the District Societies.

SOUTH WALES AND MONMOUTHSHIRE.

(CARDIFF AND DISTRICT STUDENTS' SECTION.)

The annual social function, which took the form of a supper dance, was held on December 9th.

The company numbered 122, and included Lieut.-Colonel R. C. L. Thomas, F.S.A.A. (Vice-President of the District Society) and Mrs. Thomas, Mr. Percy H. Walker, F.S.A.A. (Hon. Secretary of the District Society) and Mrs. Walker, and Mr. H. E. Wyatt (H.M. Inspector of Taxes, Pontypridd).

ACCOUNTANT OFFICERS, ROYAL AIR FORCE.

The Air Ministry announces that an examination will be held in the latter part of March, 1933, for the entry into the Accountant Branch of the Royal Air Force of qualified and experienced civil accountants. Three vacancies are likely to be available. Candidates must have attained the age of 22 and not have attained the age of 26 on July 1st, 1933. No relaxation of these age limits will be permitted in any circumstances.

The competition will be held in London by the Civil Service Commissioners, and will include (1) an interview before a selection board at which stress will be laid on accounting experience and special weight given to the type of experience provided by articled service; (2) an examination in English and general knowledge (essay, précis and questions to test knowledge of matters of general interest); and (3) an examination in book-keeping and accountancy (excluding partnership and executorship accounts), the standard being that of the Final examinations of the Institute of Chartered Accountants and the Society of Incorporated Accountants and Auditors.

The emoluments of an Accountant Officer consist on the one hand of pay and on the other of accommodation, fuel, light, rations and personal attendance provided in kind. When the latter are not available cash allowances are granted in lieu. The total of the pay and cash allowances of Accountant Officers ranges at present rates from about £360 a year for an officer on first entry to £1,116 a year for a married officer in the highest rank.

The Accountant Branch provides a permanent career. It is not, of course, possible to pledge the future, but so far as can be foreseen the Branch will be subject to no sudden changes affecting adversely the fortunes of its officers.

Officers enter the Branch on probation with the rank of Pilot Officer, and after twelve months satisfactory service are confirmed in their commission and promoted to the rank of Flying Officer. Thereafter promotion is by selection. The next ranks are Flight Lieutenant and Squadron Leader, and it is contemplated that officers who give satisfactory service should be promoted at least up to the latter rank, while a reasonable proportion would be able to expect promotion to the higher rank of Wing Commander and some to the rank of Group Captain. It must be understood, however, that promotion depends on requirements and requirements on future circumstances, but the policy of the Air Ministry is directed to ensuring to Accountant Officers a career not inferior to that indicated above.

The length of the career provided depends on the rank attained. The compulsory retiring ages, which are subject to variation, are at present—for Squadron Leaders 53, for Wing Commanders 57, and for Group Captains 60; any officers not attaining the rank of Squadron Leader would be retired at the age of 50.

Application should be made to the Secretary, Air Ministry (S.7), Kingsway, London, W.C.2, for the regulations and for application forms. Completed application forms should reach the Air Ministry by February 1st next, or at latest by February 15th.

DOUBLE TAXATION OF SHIPPING PROFITS.

Agreement with France.

The following appeared in the *London Gazette* of December 16th, 1932:—

Whereas the arrangements contained in the Schedule to this Declaration have been made by His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland with the Government of the French Republic:

Now, therefore, His Majesty is pleased, by and with the advice of His Privy Council, to declare, and it is hereby declared—

(*a*) That certain profits or gains arising from the business of shipping which are chargeable to British income tax are also chargeable to the income tax payable under the law in force in France; and

(*b*) That the arrangements contained in the said Schedule have been made with a view to the granting of relief in cases where profits or gains arising from the business of shipping are chargeable both to British income tax and to the income tax payable in France.

And His Majesty is further pleased to order, and it is hereby ordered, that this Declaration may be cited as "The Relief from Double Income Tax on Shipping Profits (France) Declaration, 1932."

SCHEDULE.

(1) The Government of the United Kingdom agree to take the necessary steps under Section 18 of the Act of Parliament of the United Kingdom known as the Finance Act, 1923, for exempting from income tax (including super-tax) chargeable in the United Kingdom any profits which accrue from the business of shipping carried on with ships whose port of registry is in France by a company which manages and controls such business in France. The exemption so granted shall not extend to income tax chargeable under Schedule A of the Income Tax Acts.

(2) The French Government agree to take the necessary steps under Article 5 of the "Loi portant fixation du budget général de l'exercise 1926" of April 29th, 1926, for exempting from taxation any profits which accrue from the business of shipping carried on with ships whose port of registry is in the United Kingdom by a company which manages and controls such business in the United Kingdom.

This exemption is in respect of the Industrial and Commercial Profits Tax (Impôt sur les bénéfices industriels et commerciaux) imposed by Chapter 1 of the Law of July 31st, 1917, and the Income Tax (Impôt sur le revenu) imposed by the Law of June 29th, 1872, and the Decree of December 6th, 1872, on foreign companies whose shares are not subject to the compounded-duty system, but which hold movable or immovable property situated in France.

(3) The expression "business of shipping" means the commercial operations involved in the working of ships by their owners, and for the purposes of this definition the expression "owner" includes any charterer.

(4) The exemptions referred to in articles (1) and (2) above shall be granted in respect of taxes for the United Kingdom financial year commencing on April 6th, 1924, and the French financial year commencing on January 1st, 1924, and for subsequent years.

(5) The present agreement may be denounced at any time, subject to six months notice being given by either contracting Government to the other.

Incorporated Accountants' Belfast and District Society.

ANNUAL DINNER.

The annual dinner of the Incorporated Accountants' Belfast and District Society was held in the Grand Central Hotel, Belfast, on December 16th, the PRESIDENT, Mr. D. T. Boyd, F.S.A.A., B.Com.Sc., occupying the chair.

After the toast of "The King," Mr. BOYD proposed the toast of "The City of Belfast," and said that the work of an accountant was a series of anniversaries. They were reminded of the passage of the years not so much by the calendar as by the re-occurrence of the dates on which this or that client balanced his books. To them the 1st of January was not so much the commencement of a new year, as a reminder that once again they must attend to vouch certain assets of a particular client, and as they did so they might pause perhaps in amazement at the thought that a year had passed since they last undertook the same duty. Their life, then, was passed in a series of stocktakings, and that night was their stocktaking. The record of the year 1932 contained ample grounds for thankfulness and pride in the balancing of the Budget, the conversion of War Loan, and the Ottawa agreements. There remained with them, however, the most serious problem of all. They might have checked the rise in the unemployment figures, but the evil itself remained. The ultimate wealth of a nation was the men and women who comprised it, and they simply dared not indulge in any self-complacency while over two millions of their men and women could not find work. They welcomed every practical scheme that mitigated to any extent that great evil, though an ultimate solution would only be found in a general improvement in world conditions. He applauded the undertaking of relief work, but no such work, no matter how vast the scale, could be other than merely a palliative. The toast was "The City of Belfast." Geographers could tell them the cause of the springing up of towns in certain localities, and they would tell them that a town inevitably arose there, at the point nearest the sea where the river could be crossed, but no geographer could explain why the town had risen to be the eighth city in the kingdom. There was no mineral wealth such as helped the growth of some of the great cities across the Irish Sea. There was not the rich hinterland which had been so important a factor in the growth of the capital of the Irish Free State. The geographers might tell tham that linen required a humid atmosphere, and that their city possessed such an atmosphere, though it required no expert to tell them that. (Laughter.) The historian could tell them of the Huguenot settlers who first made their Province textilely-minded, but neither geographer nor historian could explain adequately the tremendous growth that had taken place. They fell back on the personal factor, and it was owing to the character of the men who had laboured in the past, and who were labouring at present, that they were able to say with St. Paul of old that "We are citizens of no mean city." He would turn to those corporate acts, insignificant in themselves, perhaps, but to him much more pregnant: the courage and vision which in the face of utilitarian opposition had created a park on a hill side, the equal of which no city in the kingdom could show; the vision that turned the muddy banks of their river into roadways; the courage that had ruthlessly scrapped old school buildings and had replaced them by adequate structures. Mere necessary structural work they might say; no, something more than that: the expression of the soul of the city. (Applause.)

The LORD MAYOR OF BELFAST (Sir Crawford McCullagh), responding to the toast, said that the President, in his admirable speech, travelled over a wide area. He had reminded them that that was an annual stocktaking dinner, but if any commercial firm could give such a stocktaking as they had that night, he would want a stocktaking once a month.

Mr. H. H. STEWART (Chairman of the Northern Banking Company, Belfast), congratulated the chairman on occupying the position of President of the Belfast and District Society, and also on the valuable and eloquent speech he had made. Proposing the toast of "The Society of Incorporated Accountants and Auditors," he said he did so with great pleasure, the more so because of the very close business relationship that existed between accountants and bankers. Speaking as a banker, he could testify to the great assistance rendered by accountants in dealing with problems that were at times difficult and complicated. It was a great advantage to them as bankers, that, when dealing with business proposals that were put before them, they now could have properly prepared and properly drawn up balance sheets produced to them by their customers, and when these balance sheets had been certified by competent professional auditors, it could be relied upon that the figures were accurate, and that the position had been fairly disclosed. Confidence was a material factor in those cases, and it had been created by the experience of the bankers that they could always rely on a square deal from the members of the accountancy profession. Traders now generally realised that to have their books properly kept and their balance sheets certified by accountants was very much to their advantage in every respect, not only with the Income Tax authorities but also with their bankers. In a humorous reference to the Society's Memorandum of Association, Mr. Stewart said that one of the clauses showed that one of the objects was "to do all such things as may from time to time be necessary to elevate the status of the profession." He had looked up the word "elevate" in the dictionary, and found that it meant to raise, to cheer, to exhilarate, to intoxicate. (Laughter.) He was perfectly satisfied that the lavish hospitality they had given their guests that night was *intra vires*. (Renewed laughter.)

Mr. E. CASSLETON ELLIOTT (President of the Society of Incorporated Accountants and Auditors), who responded, said that after an absence of four years he had been able to enjoy the bounteous hospitality of the District Society of Belfast. He had been shown over that magnificent building set on a hill (the Parliament Building at Stormont), and one of the chief reasons why he was interested in it was that he believed they in England had paid for it. He was pleased to see so many students present, and as an old examinee he could say that lectures were most useful for explaining abstruse points. He would suggest that when lectures were held they should support them. When they saw a notice that they had passed their examination, they would agree that the time had not been badly spent. Accountants served a useful purpose in dealings with banks, because bankers relied on the figures presented to them, and knew that liabilities were not forgotten, and that assets were valued at their true price. He understood that in that area a new Companies Act was coming into force in January. He did not propose to burden them with a long dissertation on the new Act, but he would like to say that its terms were similar to those of the English Companies Act, 1929, viewed in the light of subsequent experience of its working. Accounts, as the result of happenings which had taken place during the last eighteen months, were more important than they had ever been. They were not waiting for a new Companies Act to improve the position, but auditors were doing all they could to secure better details and more informative accounts, and to see that a true picture was placed before the investing public. The day before that dinner £19½ millions was earmarked for the credit of America. That was an epoch-making transaction. One had hoped that the historic note which was sent to the United States on December 1st would have met with a far better response, but he felt that if we had evaded our responsibility and refused to pay it would have had a far worse effect upon British credit and upon world credit than the actual payment. They were all hoping that in the future America would realise that it was harmful for her to receive that money in the way she was receiving it, and that if she would not cancel those horrible legacies of the war she must scale them down to such an extent that the difficulties of payment would be minimised.

Mr. JAS. BOYD (President of the Irish Branch), who also responded, said that so far as the operations of the Society were concerned they were a very united body, and they had very pleasant associations with their friends in the South and West of Ireland.

Mr. ROBERT BELL (Vice-President of the Belfast District Society), proposing the toast of "Our Guests," said that their guests represented not only the Government of the Province, their municipality, their Harbour Board, and educational life, but also the banking, legal, insurance and commercial life of that great city. They had also representatives of the Inland Revenue, the Companies Registration Office and the Chamber of Commerce. The President of the Parent Society, Mr. Cassleton Elliott, and Mr. Edwards, the Parliamentary Secretary, were with them, having travelled specially from London. Two representatives of the Manchester Society had also made a special journey to be with them, while last, but by no means least, they had as the President of the Society in Ireland their own Mr. James Boyd. They thanked them all, and to the Lord Mayor of Belfast they offered a very special welcome. They had watched with great interest and appreciation his continuous efforts for the well-being of their city.

Mr. G. B. HANNA, M.P., in a humorous reply, reminded the President that the Ulster people, as taxpayers to Great Britain, had also contributed their quota towards the funds which paid for the erection of Stormont. Mr. H. G. Coulter (Inspector of Taxes) also replied.

THE INSTITUTE OF ARBITRATORS.

Arrangements have been made to hold a practice arbitration on January 11th at Incorporated Accountants' Hall, Victoria Embankment. The subject will be "A Dispute between a Parent Company and a Subsidiary," and the proceedings are likely to be interesting. Non-members of the Institute are invited to attend, upon notifying the Secretary at 10, Norfolk Street, W.C.2, on or before Monday, January 9th.

Since our last issue we notice with regret the following deaths: Mr. W. J. Jeeves, C.B.E., K.C., of the Parliamentary Bar, formerly a solicitor and Town Clerk of the City of Leeds, and Mr. H. A. Roberts, for 30 years Secretary of the Cambridge University Appointments Board, who was reputed to have launched not less than 6,000 Cambridge graduates on business careers, mostly of an administrative and technical nature. The late Mr. H. A. Roberts was well known at the headquarters of the Society.

Mr. C. F. Sanders, F.S.A.A.

Upon the recommendation of the Academic Board, the Court of the University of Wales have intimated that, in connection with the Jubilee celebrations of the University in July next, the Honorary Degree of Doctor of Laws will be conferred upon Alderman Charles Fletcher Sanders, J.P., F.S.A.A. (Lord Mayor of Cardiff), in recognition of his long and valuable services as a leader in the social and educational life of the City of Cardiff.

MUNICIPAL DEBT.

Lecturing at the London School of Economics on the subject of the debts of Municipal Authorities, Dr. William Robson stated that the total outstanding loan debt of Local Authorities in the year ended March, 1930, was £1,157 millions for England and Wales. The distribution of the debt amongst the various kinds of property and equipment possessed by the Local Authorities showed that Water Supply undertakings accounted for £163 millions, Electricity £106 millions, and Housing £395 millions, whilst loans to householders under the Small Dwellings Acquisition Acts accounted for another £49 millions. About 36 per cent. of the municipal debt was represented by trading enterprises, such as water, gas, electricity, tramways, motor buses, and harbours, the loan charges in respect of which are met out of the trading income of these undertakings.

In the year 1885 the municipal debt totalled only £171 millions, from which date the amount increased rapidly as new functions were undertaken by Local Authorities. One of the largest of these was the consolidation of the water undertakings of London under the authority of the Metropolitan Water Board, which alone accounted for a debt of £54 millions. The advent of electricity also added largely to the borrowings of municipalities.

Scottish Notes.

(FROM OUR CORRESPONDENT.)

Glasgow Students' Society.

A meeting of this Society was held on the 19th ult., when a lecture was given by Mr. Donald A. S. McLeish, M.A., LL.B., Solicitor, and one of the lecturers in law of the University of Glasgow. The subject of the lecture was "Succession." Mr. W. Davidson Hall, F.S.A.A., occupied the chair, and was supported by Mr. James Paterson, Secretary of the Scottish Branch. Mr. McLeish gave a full exposition of the law relating to wills, settlements, and the succession to both testate and intestate estates. The lecture was illustrated by many examples, which covered practically the whole scope of the Society's examinations in this branch of Scots Law. At the close, Mr. McLeish answered a number of questions on the subject.

In moving a vote of thanks to the Lecturer, Mr. James Paterson said that the subject of succession was one which sometimes presented difficulties to students, and expressed his appreciation of Mr. McLeish's lecture, which made clear many of the points which were usually difficult to examinees. It was intimated that a whist drive and dance would take place on January 28th, at 4.30 p.m.

Scottish Sequestrations.

According to the Annual Report of the Board of Trade for 1931, issued last month, there were 203 sequestrations in Scotland in 1931, compared with 209 in the preceding year. Liabilities amounted to £1,212,638, against £500,670, and assets to £128,269, compared with £136,706. Other 42 cases were, for various reasons, not proceeded with.

Examination Results.

The examinations held in Glasgow in November were supervised by Mr. James Paterson, F.S.A.A. (Member of Council), assisted by Mr. W. Davidson Hall, F.S.A.A., and Mr. J. Hawthorne Paterson, A.S.A.A. The examination results show that half the Scottish Final candidates and 40 per cent. of the Intermediate candidates passed.

Scottish Banks—The Small Depositor.

On 12th ult., Mr. Allan McNeil, S.S.C., lecturer on Banking in the University of Edinburgh, in an address given to the Edinburgh Women's Luncheon Club, referred to the satisfactory position of the small depositor, and compared the position with that now prevailing in the United States. He said that banking was probably the most abused profession at the moment. Everybody seemed to think that if only the bankers would disgorge all the money that they had, everything would be well. The position of Scotland to-day among the nations of the world was entirely due to her old Scottish banks. During all the terrible years of the war, when they saw financial disaster on every hand, there was one place to which they could always go with absolute security and know that they would get what was due to them, and that was a Scottish bank. No less than 2,199 banks in America are said to have closed their doors during this year. We in Scotland could not possibly conceive of the position in America. In Scotland we had eight banks that issued their own notes, and had throughout the country a multiplicity of agencies. In America, however, every little bank was a separate business, and they could readily understand how so many might possibly fail. There was £250,000,000 in Scottish banks ready to be given to depositors at any moment they might ask. It was a little over a hundred years since Dr. Duncan, in Aberdeen, had formed the first savings bank. At the present moment they had £80,000,000 standing to the credit of small depositors in savings banks. In the special investment departments there was £69,000,000, but the most remarkable feature of all was the Post Office Savings Bank, which had £369,000,000 of money standing to the credit of depositors.

This state of affairs showed the great confidence that the people had in the management of our banking institutions. Referring to the proposal to nationalise the banking system, he said that they might nationalise them in name, but they would never nationalise the thrifty depositors in their savings banks. If they nationalised the banks to-morrow in Scotland, they would find within a fortnight that the deposits were nearly gone.

Notes on Legal Cases.

[The abbreviations at the end of each of the cases refer to the following law reports, where full reports of the case may be found. The Law Reports and other reports are cited with the year and the Division, *e.g.* (1925) 2 K.B. :—

T.L.R., *Times Law Reports*; *The Times*, *The Times* Newspaper; L.J., *Law Journal*; L.J.N., *Law Journal* Newspaper; L.T., *Law Times*; L.T.N., *Law Times* Newspaper; S.J., *Solicitors' Journal*; W.N., *Weekly Notes*; S.C., *Session Cases* (*Scotland*); S.L.T., *Scots Law Times*; I.L.T., *Irish Law Times*; J.P., *Justice of the Peace* (*England*); L.G.R., *Knight's Local Government Reports*; B.& C.R., *Bankruptcy and Company Cases*.

The other abbreviations used in modern reports are H.L., House of Lords; A.C., Appeal Court (House of Lords and Privy Council); C.A., Court of Appeal; Ch., Chancery Division; K.B., King's Bench Division; P., Probate, Divorce and Admiralty Division; C.S., Court of Session (Scotland); J., Mr. Justice (King's Bench or Chancery); L.J., Lord Justice; L.C., Lord Chancellor; M.R., Master of the Rolls; N.I., Northern Ireland; P., President of Probate, Divorce and Admiralty.]

COMPANY LAW.

In re William Metcalfe & Sons, Limited.

Right to Surplus Assets.

The Court of Appeal affirmed the decision of Eve (J.) (see *Incorporated Accountants' Journal*, November, 1932, p. 62), and held that in the absence of a contrary provision in the Memorandum or Articles the surplus assets of a company remaining after payment and discharge of all debts and liabilities and the repayment of all the capital paid up on the preference and ordinary shares are distributable rateably among the holders of both the preference and ordinary shares, and do not belong to the latter only.

(C.A.; (1932) 49 T.L.R., 23.)

In re South-East Lancashire Insurance Company, Limited.

Motor Vehicle Insurance.

Where a company carrying on motor vehicle insurance business goes into liquidation, the sum deposited by the company under the Assurance Companies Act, 1909, as amended by the Road Traffic Act, 1930, is primarily applicable to the satisfaction of all claims under the motor vehicle insurance policies issued by the company.

(Ch.; (1932) 49 T.L.R., 25.)

INSOLVENCY.

In re A Debtor.

Security for Costs.

On an appeal by a poor person from the dismissal of a motion in bankruptcy, the deposit for security for costs of the appeal, pursuant to Rule 131 of the Bankruptcy Rules, must be paid before the appeal is entered.

(Ch.; (1932) L.J.N., 291.)

In re Kern.

Execution.

The title of a trustee to the benefit of an execution which has not been completed before the date of the Receiving Order, within the meaning of sect. 40 of the Bankruptcy Act, 1914, is not limited to moneys received by the execution creditor within the period of relation back; the trustee is also entitled to recover any moneys so received by the execution creditor before the commencement of the bankruptcy.

(Ch.; (1932) B. & C.R., 150.)

MISCELLANEOUS.

Koch v. Dicks.

Alteration of Bill of Exchange.

The Court of Appeal affirmed the decision of Charles (J.) (see *Incorporated Accountants' Journal*, December, 1932, p. 100), and held that when the place where a bill of exchange purports to be drawn is, after completion, manifestly altered so as to make the bill, under sect. 4 of the Bills of Exchange Act, 1882, a foreign bill instead of an inland bill, the alteration is a material alteration within sect. 64 of the Act, if it alters the rights and liabilities of the parties to the bill; and the onus of proving that those rights and liabilities are not altered by the foreign law rests on the person claiming on the bill.

(C.A.; (1932) 49 T.L.R., 24.)

REVENUE.

Hennell v. Inland Revenue Commissioners.

Covenant for Monthly Payments.

A covenant to pay during the joint lives of the covenantor and the covenantee "the sum of £21 13s. 4d. (hereinafter referred to as 'the monthly sum') on the first day of every calendar month" is not a "security for an annuity" within the first clause of the heading, "Bond, Covenant, or Instrument of any kind whatsoever" in the First Schedule to the Stamp Act, 1891, but is a covenant for a "sum periodically payable" within the same clause.

(C.A.; (1932) 49 T.L.R., 31.)

Attorney-General v. Arts Theatre of London, Limited.

Entertainments Duty.

The defendants were the proprietors of a club, providing the usual amenities of a social club, and having on the premises a theatre to which members and associate members and their guests, but no others, were admitted for payment, this payment being in addition to the subscriptions.

It was held by the Court of Appeal, affirming the decision of Finlay (J.) (see *Incorporated Accountants' Journal*, September, 1932, p. 467), that an apportioned part of the subscriptions was chargeable with entertainments duty.

(C.A.; (1932) 49 T.L.R., 38.)

Westminster Bank Limited v. Osler.

Conversion of War Bonds.

The appellant bank exercised the right of converting certain War bonds into longer term securities which were of greater value than the bonds.

The House of Lords affirmed the decision of the Court of Appeal (see *Incorporated Accountants' Journal*, March, 1932, p. 232), and held that in substance there had been a realisation of the bonds at a profit which was assessable to income tax.

(H.L.; (1932) 49 T.L.R., 43.)

H. Collier & Sons, Limited, v. Inland Revenue Commissioners.

Income for Period Ending on Date of Winding-up Resolution.

Where there is a resolution for the winding-up of a company, the income of the company for the period ending on the date of the resolution is to be deemed income for that period available for distribution among the members for the purposes of assessment to surtax.

(C.A.; (1932) 49 T.L.R., 47.)